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IRAN–CONTRA INVESTIGATION

JOINT HEARINGS

BEFORE THE

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

AND THE

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

ONE HUNDREDTH CONGRESS

FIRST SESSION

100–8

JULY 15, 16, 17, 20, AND 21, 1987

TESTIMONY OF JOHN M. POINDEXTER

Printed for the use of the Select Committees on the Iran-Contra Investigation

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HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

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JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of John M. Poindexter

WEDNESDAY, JULY 15, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN
AND
SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings of the House and Senate Committees will come to order, and the chair makes the following announcement: Pursuant to the Rules of the House and Senate Select Committees, and unless otherwise overruled by either one of the committees, the member of the panel presiding has and will continue to preside, act and make rulings on behalf of both Select Committees.

The committees meet this morning to hear the testimony of Admiral John Poindexter. Admiral, would you please rise to take the oath?

Mr. BECKLER. Mr. Chairman, there is one motion I would like to make before we begin the proceedings, if I may.

Chairman HAMILTON. You may be heard.

Mr. BECKLER. Thank you.

Mr. Chairman, we have recently been informed that Admiral Poindexter is the target of a grand jury investigation being conducted by the Independent Counsel. In light of this development, I have two formal motions to make to the chair.

The first is that the House and Senate subpoenas compelling his testimony be withdrawn until he is no longer in jeopardy of criminal prosecution. The second is that, because of this imminent threat of prosecution, I would, in accordance with the House Select Committee Rules, that is Rule 5.1-2, request that the committee close down live television coverage of this proceeding.

The reasons supporting my requests are compelling, and I will enumerate them briefly. Admiral Poindexter is an individual who shuns the public spotlight that is being forced upon him here today. He has already provided the essential facts relevant to this

matter to this committee in an extensive private deposition. You may, if you wish, release that transcript to the public. The nationwide broadcast of his testimony here today with the hot lights bearing down and the TV cameras grinding away is a violation of his due process rights and is fundamentally unfair.

We believe that the public has a right to know. In fact, the events of the past 10 days have shown that in the court of public opinion, there is a great deal of support for the policies that Admiral Poindexter implemented during his 5½ years of service at the White House. However, my job is not to consider public opinion, but rather to protect my client and ensure that he is afforded all of the rights mandated by the Constitution. That is, the right to a fair trial devoid of prejudicial publicity, the right to remain silent and not offer defenses during his trial if he so chooses, the right to counsel, the right not to have to expose his theories of defense or risk contempt of Congress for refusing to do so, and finally the right not to have his grant of immunity twisted, tortured and manipulated by agreements between the Independent Counsel and this committee.

Finally, Mr. Chairman, the situation we have here today is absolutely extraordinary. In 19 years of practicing law, 11 years as a prosecutor in the Manhattan DA's Office, and the U.S. Department of Justice, and 8 years as a defense lawyer at Fulbright & Jaworski, I have never seen a situation where the primary target of a criminal investigation has been forced to testify before a nationwide audience and have that testimony dissected over and over and over.

Mr. Chairman, I can sympathize, and I understand that there is a political struggle underway between the Congress and the President. But I request that you as chairman not allow that struggle to trample the due process rights which the Constitution affords to Admiral Poindexter.

As Chief Justice Earl Warren once said,

> We cannot simply assume that every congressional investigation is justified by a public need that over-balances any private rights affected. We have no doubt that there is no congressional power to expose for the sake of exposure.

Mr. Chairman, with all due respect, I submit that in this matter there has been rampant over-exposure and speechifying in the halls here of Congress.

Let me just sum up by saying that, as a practical matter, in most cases if an individual is immunized, in almost all cases they are rarely prosecuted. We have heard talk here over these last 10 days about cooperation between the branches of government. Well, from the perspective of myself and Admiral Poindexter, there is just one government, and that is the U.S. Government. If there is an indictment in this case, the indictment will not read "The President versus John Poindexter," it will not read "The Congress versus John Poindexter," and it will not read "Lawrence Walsh versus John Poindexter;" it will say "The United States of America versus John Poindexter," and I say that if that is the case, and if it should happen, then I believe that the Congress and Mr. Walsh should have decided to go one way or the other and not try to hammer

someone for 4 or 5 days in public and then follow up with a criminal indictment.

Now, let me just say one more thing before we finish, and that is I want to make it clear that Admiral Poindexter has nothing to hide. He has committed no crimes, and if the Independent Counsel chooses to investigate and prosecute, we will fight it every step of the way.

Thank you, Mr. Chairman, for allowing that. I would ask that my motions be considered.

Chairman HAMILTON. Thank you very much, counsel, for your statements.

As I understand it, you have made two objections. The first is that you ask the House and the Senate to withdraw the subpoenas that have been issued. The Chair notes your objection and overrules that objection.

We have to proceed according to our constitutional responsibilities, Mr. Counsel, as you know. You have made some rather serious charges about this committee being in collusion with the Independent Counsel, if I heard you correctly.

We have worked very hard to respect our role and the role of the Independent Counsel. We, under the immunity statute, of course, we are required to give the Independent Counsel notice and we, as an instrument of Congress, have tried to take into account the Independent Counsel's role, as we have to under the statute.

But we have not been in collusion with the Independent Counsel in any way. None of us have tried to interfere with his responsibilities.

And we certainly have not colluded with the Independent Counsel. We have respected his role.

We want to respect the rights of Admiral Poindexter. All of us on this committee have a high regard for Admiral Poindexter. The chairman does and I have worked with him for a number of years.

It is not our purpose to attack or to impugn or to judge Admiral Poindexter. It is our purpose to try to understand what went on in these very complicated series of events, and we believe Admiral Poindexter to be a very important witness in helping us understand those events.

We approach our responsibilities with legislative purposes in mind, and not perhaps the perspective you bring to these hearings, which is an appropriate perspective, to defend the rights of your client.

Now, with respect to your second objection, which, as I understand it, was to request that we close down the television coverage. May I begin by simply reading the rule that is applicable: Rule——

Mr. BECKLER. Let me just pull out my copy, if I may.

Chairman HAMILTON. I am reading now from the rules of the House Select Committee, which are applicable here.

Mr. BECKLER. Thank you, Mr. Chairman.

Chairman HAMILTON. It is my understanding, I might advise members of the panel, that a vote may be necessary here in both the House and Senate.

Let me read the House rule, because I am more familiar with that, and perhaps Chairman Inouye will want to comment on the Senate rule.

The House Rule 5.1 reads:

Whenever any hearing or meeting conducted by the committee is open to the public, the committee may permit that hearing or meeting to be covered in whole or in part by television broadcast, radio broadcast and still photography or by any of such methods of coverage under the following rules.

I think the appropriate rule there is 5.1-2.

Mr. BECKLER. Yes, Mr. Chairman.

Chairman HAMILTON. Which reads,

Broadcasts and photographic coverage of testimony of subpoenaed witnesses will, at their request, not be permitted unless a majority of members of the committee voting, there being in attendance a requisite number required for the conduct of business, vote otherwise.

It seems to me appropriate, counsel, that you have raised the question, that you are entitled to do that under the rules, and we, therefore, should vote, and the chair recognizes Mr. Cheney for the purposes of a motion.

Mr. BECKLER. Mr. Chairman, may I respond just briefly to your statement?

The rule you just read from is from the Rules of the Standing—of the Select Committee. I am not a House parliamentarian and don't pretend to be one, but I understand that the general House rule had an unequivocal right vested in a witness who is subpoenaed to a committee hearing, that he could have the cameras turned off if he wished to do so.

There was no option, if you will, whereas this House Select Committee has overridden that standard House rule with its own rule. I want to make this point because I think it is important to emphasize I am not trying to go after a detail.

I think the tradition here in the House has been to not have to have a subpoenaed witness go under television lights if he doesn't choose to do so.

That is changed by the committee rules; is that correct?

Chairman HAMILTON. Counsel, I think you state accurately the general House Rules, but the mandate under which these Select Committees are operating permit our rules to override the general House Rules, and, therefore, we are governed by the House rule that I cited to you.

Mr. Cheney.

Mr. CHENEY. Thank you, Mr. Chairman.

Mr. Chairman, let me simply express my respect and admiration for Admiral Poindexter. I, too, have worked with him over the years and look forward to his testimony here today. He clearly is one of the two most important witnesses this committee will hear from during the course of our inquiry, and while I am not unsympathetic to his concerns, it seems to me it would be inappropriate for the committee to black out a portion of our proceedings so that the American people did not have the opportunity to hear from Admiral Poindexter, the testimony he will give.

We are obviously prepared to move into executive session at any time it is necessary to discuss national security or classified information, and we will do our best to safeguard those obligations and responsibilities.

Therefore, Mr. Chairman, notwithstanding the motion of Admiral Poindexter's counsel, I move that the committee proceed as planned with televised coverage of these proceedings.

Chairman HAMILTON. Is there further discussion?

Mr. Hyde?

Mr. HYDE. Mr. Chairman, I think it's clear what is going to happen here, and there is an upside and a downside to it, but I want to associate myself—philosophically, anyway—with counsel's point, that Admiral Poindexter has answered every question put to him on four—I believe four separate depositions.

Mr. BECKLER. That's correct, Mr. Congressman.

Mr. HYDE. And that counsel was designated by these committees, and that members were designated by these committees, and they were present and every question asked has been answered. And that counsel is saying release the transcript, you've got the admiral's testimony.

But to have him come in again and repeat it under Circus Maximus conditions jeopardizes his constitutional rights to defend himself in an impending indictment.

I am sympathetic to that. It's the reverse of Colonel North's position, which was I'll tell you the story once but not twice.

Counsel didn't make that argument until now, but the point is to get the information, get Admiral Poindexter's story under oath, and that's been done.

Mr. BECKLER. Let me—if I may add one thing to that. Mr. Liman informed us the first time we went up there on May 2, he wished to test our credibility and get a run-through of all the facts. We did that. We were up there on three occasions thereafter. So we believe the job has been done.

Mr. HYDE. I think there has been cooperation and I think the admiral's story is available. It's just not as sexy to read a transcript as it is to have him run through it again, and I know what the vote is going to be.

But I want to say, I'm most sympathetic to the admiral's position and counsel's, and I thank you for letting me say that.

Chairman HAMILTON. Mr. Courter.

Mr. COURTER. Thank you.

Obviously we are all going to be asked to vote on this matter and therefore I want to make it clear in my mind what the counsel's request is and why he is making the request.

It seems to me that if you release the transcript of Admiral Poindexter's prior testimony, that will be made totally public.

It is your motion, in essence, or your request, that the entire transcript be given out publicly. Therefore, I don't understand the additional jeopardy by having live coverage of the questions and answers which we know and deeply believe will be, in essence, identical to the transcript that you have no objection for their release.

And if you would with greater clarity explain to me the additional prejudice that's going to attach by saying and being asked questions publicly versus the answers being disseminated publicly.

Mr. BECKLER. Thank you, Mr. Courter. I appreciate that and I would like to respond.

There is a distinct difference between sitting in a room with Mr. Liman and a few counsel—I'm not sure how much of a distinction, but there is a distinction—and answering the questions carefully without the hot lights of TV.

I think I've heard it expressed numerous times over this last week or so that Admiral Poindexter shuns the spotlight. I think there is probably some precedent for immunized testimony being released to the public in some regulated or controlled format.

But I'm sitting here looking back on the events of the last 10 days—that is the only perspective I have to go by—and I hear it being said that my client, Admiral Poindexter, is the most critical witness, most crucial witness.

I have the Independent Counsel telling me he is the primary target of a grand jury. I have to figure that there's enough case law, and there is, and I've elaborated some of the things in closed session before to support my proposition that him being up here for the next 4 or 5 days risking exposing his defenses, having to do all of the things he might not choose to do if he doesn't wish to do in a trial, is prejudicial.

I think that the comments that will be elicited, some good and some bad, are unnecessary and unnecessarily taint the case. I think that the widespread fashion in which this testimony here today—if the TV were used—would be broadcasted directly to the grand jurors who are hearing this case in the District of Columbia right now.

I have no reason to believe the grand jurors are sequestered, and also to petit jurors, should there be an indictment during a trial is beyond comprehension, the amount of prejudice that is generated.

I think those are the reasons. As I said, Representative Courter, we have no objection to telling our story. We have no objection. Mr. Liman did his job. We have no objection to taking that transcript and releasing it to the public. Those who wish to read it can read it; those who wish not to read it can do so.

But the widespread, pervasive dissemination engendered by the TV coverage I think is the problem.

I hope that answers your question, sir.

Mr. COURTER. It does to a degree. But if I could follow up, I take it by your response that you find a substantive difference between a transcript being given to the American people, the written word, and those words being telecast live on television, and you form a difference of opinion, you form a distinction between those two things on the basic and fundamental constitutional rights of your client.

It seems to me that probably your motion may be relevant with respect to jury selection, but it seems to me that that plays into your hands and not ours.

And therefore, with great admiration and respect for both you and of course Admiral Poindexter, my vote would be a vote to object to your motion.

Chairman HAMILTON. The Chair might observe that the ordinary procedure in a congressional hearing would not be to have counsel participate in a debate on a motion, but since Mr. Cheney's motion

is based on counsel's request, the chair's thought was that it was appropriate to let Mr. Beckler so comment.

Are there any other comments from Members of the House? If not, we will vote and the clerk will call the roll.

Ms. RAYNER. Mr. Hamilton.

Chairman HAMILTON. Aye.

Ms. RAYNER. Mr. Fascell.

Mr. FASCELL. Aye.

Ms. RAYNER. Mr. Foley.

[No response.]

Ms. RAYNER. Mr. Rodino.

Mr. RODINO. Aye.

Ms. RAYNER. Mr. Brooks.

Mr. BROOKS. Aye.

Ms. RAYNER. Mr. Stokes.

Mr. STOKES. Aye.

Ms. RAYNER. Mr. Aspin.

Mr. ASPIN. Aye.

Ms. RAYNER. Mr. Boland.

Mr. BOLAND. Aye.

Ms. RAYNER. Mr. Jenkins.

Mr. JENKINS. Aye.

Ms. RAYNER. Mr. Cheney.

Mr. CHENEY. Aye.

Ms. RAYNER. Mr. Broomfield.

Mr. BROOMFIELD. Aye.

Ms. RAYNER. Mr. Hyde.

Mr. HYDE. No.

Ms. RAYNER. Mr. Courter.

Mr. COURTER. Aye.

Ms. RAYNER. Mr. McCollum.

Mr. MCCOLLUM. Aye.

Ms. RAYNER. Mr. DeWine.

Mr. DEWINE. Aye.

Ms. RAYNER. The ayes are 13; the noes are one.

Chairman HAMILTON. The motion is carried.

The Chair recognizes the chairman of the Senate Select Committee, Senator Inouye.

Chairman INOUYE. Thank you very much, Mr. Chairman.

I would like to first read Rule 10 of the Senate Select Committee as adopted by the United States Senate. "The committee may conduct hearings jointly with the House Select Committee to Investigate Covert Arms Transactions with Iran. Rules 3.2, 3.55, 6.1, 2, and including 6.10 and 6.12 of the House Select Committee, to the extent that they are inconsistent with the rules of this committee, shall govern hearings conducted jointly by the two committees when such hearings are held in facilities provided by the House. Notwithstanding Rule 10.2, all such joint hearings shall for all purposes be considered hearings of the Select Committee."

As chair of this committee, I would have to point out that according to Rule 10, we will have to abide with Rule 5 of the House Select Committee, to wit, it will require us to take a vote. And I wish, as chairman, to associate myself with the appropriate re-

marks of Chairman Hamilton in explaining why this step must be taken, so therefore I will entertain a motion.

Mr. RUDMAN. Mr. Chairman.

Chairman INOUYE. Senator Rudman.

Mr. RUDMAN. Mr. Chairman, I move that we proceed in concurrence with the procedures just voted by the House of Representatives.

Chairman INOUYE. You have heard the motion. Any discussion? Mr. McClure.

Mr. MCCLURE. Mr. Chairman, I don't think any of us can ignore the truth of what counsel has said, that indeed the glare of publicity in televised hearings is much different from that of someone reading a transcript. I guess the analogy shouldn't be overstated, Mr. Chairman, but I doubt very many of the housewives who watch the soap operas would read the transcript, and I rather suspect that what we have is a national media event that attracts people with the same kind of attention to the detail.

The other side of that, however, I might say as a preamble to the other side, and that is I don't think it is any secret to anyone that I am very disturbed with the fact of these hearings, not just this session. I suppose it was necessary for us to have hearings to try to find out what did happen and what the connection of the President of the United States might have been to the events that did occur, but I am very concerned about the damage that is being done to this country as a result of these hearings, just the very fact of these hearings.

Much has been said about the openness of our system, and certainly that is something that we ought to be mindful of and we ought to be grateful about. But I don't believe that there is any adequate weighing of the benefits to be gained from a hearing such as this as arrayed against the damage done to this country as a result of hearings such as this. There is no weighing of the wrongs as against the prejudice to the United States and its interests.

However, we are in the middle of those hearings, and we have had those hearings, whether I like it or not, whether I think it was wise or not, or whether the facts that have been ascertained justify them or not. And we are at the point in these hearings where a critical witness is now called before us and we are in that conflict in which an independent counsel's charge is in conflict with the charge to these committees of conducting these hearings.

And so I must very reluctantly say I think we have no alternative but to go forward with the televised hearings, and therefore I will vote for the motion.

Chairman INOUYE. Thank you.

Senator Hatch.

Mr. HATCH. Thank you, Mr. Chairman.

If I can just ask counsel, as I see it, there are two questions you have raised. One is whether or not you should have television coverage and whether that should be imposed upon you, and I think the House has acted in accordance with their rules and I would be for television coverage. I think the American people need to see and hear this.

But the more important part is, should Admiral Poindexter, for whom I have inestimable respect, who I think has served this coun-

try very well for many years, and I will have to listen to all the testimony to see what the final conclusion should be, but should he be forced to testify again after having spent day after day after day giving depositions?

Unlike Senator McClure, I believe that everybody in America, if they had the transcript, who is interested in this would read it, and I believe that a lot of people are interested in it all over this country.

I think that is a very important issue and I respect counsel for raising that issue.

Am I correct in my statement?

Mr. BECKLER. Yes, you are, Senator. Thank you.

Mr. HATCH. I will tell you why I respect you for raising that issue, because there is a cloud over all these hearings and that cloud is nobody seems to really be able to pinpoint with great specificity the laws that are allegedly broken here. There are lots of allegations and we are talking about Boland Amendments, which are civil statutes without criminal penalties, and we may be talking about obscure fraud statutes and we may be talking about the catch-all conspiracy. We may be talking about obstruction of justice, although I think there have been some answers to that that people should listen to.

The fact of the matter is, there is nobody really defining very carefully nor is there any easy definition as to just exactly what are the laws that have been broken here, and I have to say, if I were representing Admiral Poindexter, I would be very concerned about the nebulousness of these type of hearings, the type of accusations that you have gone through, and the fact that you have produced Admiral Poindexter for day after day of deposition and testimony, and now if he has to go through the whole recitation again—and I don't think you have to go through the whole recitation, just the salient parts of the recitation—if he has to go through that again, then you place him in a sense in a double-jeopardy sense, to misuse a legal term.

The fact is that you place him in a situation where he has to testify twice with all of the processes and problems that can arise, and anybody who has ever been through a significant criminal trial understands that there are tremendous problems.

What bothers me a little, I am going to vote to have Admiral Poindexter testify because I think his testimony is that important to the American people. I think it overrides, but I also think you have a good legal point that can be raised later, and I just point out to everybody that we spend hours and weeks and months and years worrying about national security problems and making sure they are secure and making sure that those constitutional problems are taken care of, and sometimes we don't spend an equivalent amount of time worrying about individual rights, and what you are arguing right here happens to have individual rights, and I think you make a pretty good point.

If we do proceed, and I am going to vote to do it, I think you have a point that can be raised later, especially if somebody tries to allege perjury at a later date, because there may be inconsistencies or may be some twist of a term in the process.

I think it is an interesting position and an interesting motion, and it may not hold any water in court later but it is certainly one in which I would hold you in respect.

Mr. BECKLER. Thank you.

I was hoping I would get one vote on the Senate side, but——

Chairman HAMILTON. Is there further discussion?

The clerk will call the roll.

Ms. ANSHELES. Mr. Mitchell?

Mr. MITCHELL. Aye.

Ms. ANSHELES. Mr. Nunn?

Mr. NUNN. Aye.

Ms. ANSHELES. Mr. Sarbanes?

Mr. SARBANES. Aye.

Ms. ANSHELES. Mr. Heflin?

Mr. HEFLIN. Aye.

Ms. ANSHELES. Mr. McClure?

Mr. MCCLURE. Aye.

Ms. ANSHELES. Mr. Hatch?

Mr. HATCH. Aye.

Ms. ANSHELES. Mr. Cohen?

Mr. COHEN. Aye.

Ms. ANSHELES. Mr. Trible?

Mr. TRIBLE. Aye.

Ms. ANSHELES. Mr. Rudman?

Mr. RUDMAN. Aye.

Ms. ANSHELES. Mr. Inouye?

Chairman INOUYE. Aye.

Ms. ANSHELES. The vote is ten ayes; no nays.

Chairman INOUYE. The ayes have it.

Chairman HAMILTON. After that diversion, to use a word that is common in these hearings, Admiral Poindexter, would you stand to take the oath, please.

Admiral, do you swear or affirm to tell the truth, the whole truth, and nothing but the truth?

Mr. POINDEXTER. I do.

[Witness sworn.]

TESTIMONY OF ADM. JOHN M. POINDEXTER, U.S. NAVY

Chairman HAMILTON. Thank you, sir. You may be seated.

The questioning will begin with Mr. Liman.

Mr. LIMAN. You are no longer a private man.

Mr. POINDEXTER. Good morning.

Mr. LIMAN. Admiral, are you familiar with the events of the Iran initiative?

Mr. POINDEXTER. Mr. Liman, I decline to answer that question under my rights under the Constitution.

Mr. LIMAN. Including the fifth amendment?

Mr. POINDEXTER. The fifth amendment.

Mr. LIMAN. Mr. Chairman——

Chairman HAMILTON. Admiral Poindexter, I am hereby communicating to you an order issued to the House Select Committee by the United States District Court for the District of Columbia. The

order provides in substance that you may not refuse to provide evidence on the basis of your privilege against self-incrimination.

It provides that evidence obtained from you under the order may not be used against you in any criminal proceeding.

A copy of the order is at the witness table.

Pursuant to the order, I direct you to answer the questions put to you and I recognize Chairman Inouye.

Chairman INOUYE. Admiral Poindexter, I communicate a similar order obtained by the Senate Select Committee which is also at the witness table, and I, too, direct you to answer the questions put to you.

Chairman HAMILTON. Admiral Poindexter, the immunity procedure is complete.

Mr. Liman will resume questioning.

Mr. LIMAN. Admiral, without unduly intruding on your privacy, I just want to go over some facts in your biography.

You are 50 years of age.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. What is your present position?

Mr. POINDEXTER. I am a Special Assistant to the Chief of Naval Operations.

Mr. LIMAN. And your are a vice admiral in the Navy?

Mr. POINDEXTER. Technically, I am a rear admiral at this point.

Mr. LIMAN. And you were a graduate of the United States Naval Academy at Annapolis in 1958?

Mr. POINDEXTER. Yes.

Mr. LIMAN. And you had the distinction of graduating first in a class of some 900 midshipmen?

Mr. POINDEXTER. I did.

Mr. LIMAN. And you obtained a doctorate in nuclear physics at the California Institute of Technology?

Mr. POINDEXTER. I did.

Mr. LIMAN. And after that, you have served in various positions of command and staff in the Navy until you joined the National Security Council staff; is that correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And among the positions that you held were Executive Assistant to the Chief of Naval Operations, Admiral Holloway?

Mr. POINDEXTER. Yes.

Mr. LIMAN. It is also fair to say, is it not, admiral, that if you were wearing your uniform today, it would be bedecked with a number of medals and ribbons, including the Legion of Merit, the Meritorious Service Medal, the Naval Expeditionary Medal, the National Defense Service Medal?

Mr. POINDEXTER. Yes, Mr. Liman.

If I may, I would like to say something about that at this point. I know some people wonder why I am not wearing my uniform, and I would like to make that point clear in the beginning.

I am very proud of my uniform and I am very proud of the United States Navy, but this issue is not a Navy issue. When the President decided in December of 1985 to appoint me as the National Security Adviser, he gave me a separate commission, a commission essentially as a political appointee filling the position that although not required to be civilian, often has been in the past.

Under this commission, I reported directly to the President on matters that were appropriate, which I will get into later.

In addition to that commission, I also retained my commission as a naval officer, as a vice admiral in the United States Navy.

All during my time as National Security Adviser, I tried to make a very clear distinction between the two hats that I wore, one National Security Adviser, the other a vice admiral in the United States Navy.

Because these hearings are basically on issues that I handled as National Security Adviser, I chose to appear here in civilian clothes, which I think is entirely appropriate given the nature of the matters under consideration.

Mr. LIMAN. Admiral, when did you join the staff of the National Security Council?

Mr. POINDEXTER. In June of 1981.

Mr. LIMAN. And at that time, did you serve as the Military Assistant to the National Security Adviser?

Mr. POINDEXTER. I did.

Mr. LIMAN. And when did you become the Deputy to the National Security Adviser?

Mr. POINDEXTER. When Bill Clark, who was the National Security Adviser, decided to change positions, and the President appointed him the Secretary of Interior. Mr. McFarlane, who was principal deputy, moved up to be the National Security Adviser.

I moved up to be the principal deputy to him, and that was in October of 1983, just shortly before the Grenada operation.

Mr. LIMAN. And when Mr. McFarlane resigned, you took his place as the National Security Adviser?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And when was that, sir?

Mr. POINDEXTER. Mr. McFarlane resigned as I recall on the 4th of December 1985. He actually remained as the National Security Adviser until the fifth of January, although after his trip to London he pretty much let me handle everything.

Mr. LIMAN. And you continued in that position as the National Security Adviser until you resigned yourself on November 25, 1986, is that correct?

Mr. POINDEXTER. Yes, Mr. Liman.

Mr. LIMAN. Would you describe for us what the duties are of the National Security Adviser in the administration that you served?

Mr. POINDEXTER. The role of the National Security Adviser is very much dependent on the President.

As you probably know, the National Security Adviser is not a statutory position. It is on the personal staff of the President, White House staff, technically not on the National Security Council staff.

This President, as all of you understand, is a very strong President who believes very much in Cabinet government, and assigns to his Cabinet officers great authority.

The nature of the National Security Adviser in this administration changed a little bit over the years.

Initially, in 1981, at the beginning of the administration, the National Security Adviser reported to the President through the counselor to the President, who was Ed Meese at the time.

After the first year, it was decided that that arrangement for a lot of different reasons didn't work out very well, and so when Bill Clark came in in January of 1982, the arrangements were changed so that the National Security Adviser, as in previous administrations, reported directly to the President, and although not a Cabinet officer, was considered a Cabinet-level official.

That arrangement continued under Mr. McFarlane, and it continued under me. I had direct access to the President.

The Chief of Staff, Don Regan, and I worked together, I think very constructively. The Chief of Staff's function involves a lot of logistics and domestic issues that have a direct correlation on the national security policy, and so we worked very closely together.

The Chief of Staff normally attended my national security briefings at 9:30 every morning.

That hasn't directly answered your question, so let me do that now, but I thought that that background was important.

The role of the National Security Adviser is to bring before the President the policy options.

The President makes policy. The National Security Adviser is responsible for making sure that those policies get implemented. He is responsible for making sure that all of the various policy options are laid out for the President, their pros and cons.

If the Departments and the—over which—the Departments that the Cabinet officers preside over, if they don't come up with all of the possible options, then it is the National Security Adviser's responsibility to supplement those options to make sure that every conceivable aspect of the problem is addressed.

Mr. LIMAN. Is it the practice——

[Counsel conferring with witness.]

Mr. LIMAN. Do you wish to supplement the answer?

Was it the practice of the National Security Adviser during your tenure to brief the President every morning?

Mr. POINDEXTER. Yes.

Mr. LIMAN. That was what is known as the 9:30 briefings?

Mr. POINDEXTER. Almost every working day during nearly the year that I was National Security Adviser, I met with the President from 9:30 to about 10:00.

Mr. LIMAN. And did the matter of which subjects to brief the President on involve an issue of judgment for the National Security Adviser?

Mr. POINDEXTER. Yes.

It is clearly a judgment call. It is often a difficult situation, because of the breadth of responsibility of the President, you can't spend too much time on any one particular subject, but generally the policy issues were briefed to the President, implementation, details of how the government was carrying out the implementation of his policy there was usually little time for.

Mr. LIMAN. Did you brief the President on the issues and subjects that he had keen interest in?

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. And I take it that in performing your duties, you had the advantage of having served as a deputy to Mr. McFarlane and understanding what the President was interested in and how this process worked?

Mr. POINDEXTER. Yes, I had the great good fortune to have observed and worked with the President for 4½ years before becoming the National Security Adviser, so I felt that I did have some advantage.

Mr. LIMAN. And apart from the morning briefing, your understanding with the President was that there was no restriction on your access to him if it was required?

Mr. POINDEXTER. That is correct. I could either go to his office or call him on the telephone.

Mr. LIMAN. And just to dispel some myth, you did not have to have the Chief of Staff with you when you saw the President; is that correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. The President made himself accessible to you as it was required?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. On the other hand, I take it you were sensitive of the other time demands on the President?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Now, you also would present to the President as part of the morning briefing or as required various papers that would require his attention, is that so?

Mr. POINDEXTER. Yes.

Our standard routine was to give him a folder every morning at the 9:30 briefing that had various intelligence reports and policy issues in it.

Mr. LIMAN. Is it fair to say, based on your experience, that the President of the United States is a reader?

Mr. POINDEXTER. Yes, he reads everything you give him.

Mr. LIMAN. And therefore deciding what to put before him also involved a matter of judgment in terms of his time and priorities?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. There has been much made about your habit of taking notes or your practice of taking notes. During the period that you were the Deputy National Security Adviser, if I could use that term, did you take notes of meetings with the President attended by you and Mr. McFarlane?

Mr. POINDEXTER. I did.

Mr. BECKLER. Objection to "there has been much made about the practice of taking notes."

Mr. LIMAN. Sorry, I will withdraw that comment.

Mr. BECKLER. Thank you, Mr. Liman.

Mr. LIMAN. Admiral, did you take notes?

Mr. POINDEXTER. I did, but as you have seen, they are not as extensive as people thought.

Mr. LIMAN. For what purpose did you take notes?

Mr. POINDEXTER. Primarily as reminders to me to do things, they were essentially check lists.

Mr. LIMAN. When you became the National Security Adviser, did you take notes?

Mr. POINDEXTER. Not nearly as often because I find that I have difficulty in leading a discussion and usually in meetings that involve national security issues the President's practice was to have the National Security Adviser lead the discussion and concentrat-

ing on the flow of conversation and taking notes is not one of my abilities.

Mr. LIMAN. And what happened to the notes that you took?

Mr. POINDEXTER. The notes that I took were left primarily in the White House NSC files. I did have one small looseleaf notebook that I routinely had kept in my briefcase.

The day that I left the White House, I happened to have that notebook in there, and I have turned the appropriate notes out of that notebook over to the committee, and the committee has had an opportunity to see the rest of the notes.

Mr. LIMAN. And you have also been given in the last several weeks access to some of the other notes that you kept and that had remained at the White House, is that so?

[Counsel conferring with witness.]

Mr. LIMAN. Let me rephrase the question.

I don't want to get into a debate as to whether your notes are there or not there.

Did you destroy any of your notes in November 1986?

Mr. POINDEXTER. I did not destroy any of my personal handwritten notes.

Mr. LIMAN. And you left behind notes that you had taken during your tenure; is that correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And we have shown you some of those notes and you have seen some of those notes over at the White House since you have begun your private testimony; is that correct?

Mr. POINDEXTER. That is correct.

I would like to have seen them earlier. In fact, in December we asked the White House for some of my notes and those have only recently been made available.

Mr. LIMAN. On the matter of the morning briefings, who would normally attend the morning national security briefings with the President?

Mr. POINDEXTER. If the Vice President was in town and not traveling, he would be there, the Chief of Staff, and I would usually take my deputy.

Mr. LIMAN. Let's turn to the Iran initiative. Were you advised some time in August of 1985 by Mr. McFarlane that the President had approved some Israeli transaction with Iran?

Mr. POINDEXTER. Mr. Liman, that is a very fuzzy time period for me. As I am sure you can appreciate, the breadth of responsibility of the National Security Adviser is very broad, and one of the reasons, of course, of having a principal deputy is so that two people can work the issues, and although we did not have a written understanding of the division of responsibilities, there was clearly some issues that Mr. McFarlane followed very closely and there were other issues that I followed.

He also tended to concentrate on the President, the Cabinet officers, and I concentrated at the under secretary, deputy secretary level of the departments.

So, yes, this of course—the reason I bring this up is that the period of time you are asking about, August of 1985, I was the deputy and I did not have primary responsibility on this issue.

Mr. McFarlane had met with the Israeli officials. I had met or I had missed a significant NSPG meeting in August of 1985 while I was on my week's leave, which I was able to work in annually.

I have a vague recollection, after hearing Mr. McFarlane's testimony earlier in the sessions, of a call that he got from the President at Camp David over a weekend.

I am very fuzzy on the content of his report to me later as to the description of that call, and I have tried very hard to remember it.

I don't have any notes that cover it that I have been able to find, and so I really—it is hard for me to say with absolute confidence that I was aware in early August, which I think is when the call that he described took place—his recollection says it took place.

Mr. LIMAN. But you did become aware there was an Iran initiative?

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. You became aware of that from a conversation with Mr. McFarlane?

Mr. POINDEXTER. I did.

Mr. LIMAN. I take it you did not participate in any of the conversations that Mr. McFarlane was having with either the President or the Secretary of State or the Israelis about that initiative at that time?

Mr. POINDEXTER. None that I recall.

Mr. LIMAN. Now, in November of 1985, Mr. McFarlane went off to the summit with the President and the Secretary of State; is that correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And you were left behind in Washington?

Mr. POINDEXTER. That is right.

Mr. LIMAN. And during that period of November 1985, did you get drawn in to a transaction that the Israelis were having involving HAWKs?

Mr. POINDEXTER. Mr. Liman, I would not characterize it as "I was drawn in." While Mr. McFarlane was in Geneva, I received a telephone call from Commander Thompson, who was his military assistant and later mine, and said that Mr. McFarlane had called Colonel North to ask him to work on an Israeli problem that they were having with aircraft.

Commander Thompson was very oblique in his references to the telephone, over the telephone, because it was a non-secure line. The purpose of the call, I assume, was just to alert me that Colonel North had received some tasking from Mr. McFarlane in Geneva and after that I called Colonel North over to find out what the issue was, and I can't recall whether in that first meeting with Colonel North that it was clear that HAWK missiles were involved, but it was my recollection—my recollection is that it was clear that some kind of weapons were involved.

Mr. LIMAN. And do you recall, if you look at exhibit 17——

Mr. POINDEXTER. I have it.

Mr. LIMAN. And this is a PROF note from you to Oliver North, to you from Oliver North?

Mr. POINDEXTER. Yes, it is.

Mr. LIMAN. And it is November 20, 1985, PROF note in which Mr. North stated, "The Israelis will deliver 80 modified HAWKs."

He went on to say, and I am still quoting, "There is a requirement for 40 additional weapons of the same nomenclature for a total requirement of 120."

Then he referred to the fact that as a result of this there was an expectation of the five hostages being released and that the only requirement for the United States was to provide replenishment of those HAWKs.

Do you recall that, sir?

Mr. POINDEXTER. I do now.

Mr. LIMAN. And you have looked at a lot of documents over the last month, and do you also recall that you got involved in dealing with the Defense Department at one point in seeking the reimbursement of the HAWKs for the Israelis?

Mr. POINDEXTER. Yes, Mr. Liman, that is correct.

I would like to add one point here, and that is that as everybody can imagine, with the importance of the issues that are being discussed here, I have spent a lot of time since leaving the White House trying to reconstruct, to the best of my ability, what happened.

And the committee staff and the White House, as I said, have recently made a significant number of documents available, and I have gone through many of these, so my recollections have been refreshed from what they were in November of 1986.

Mr. LIMAN. Now, admiral, did there come a time in connection with this transaction when the CIA sent over to you a proposed Finding for the President to sign?

Mr. POINDEXTER. Yes, Mr. Liman. That is the Finding that I discussed with you earlier on the 2nd of May, which I destroyed.

Mr. LIMAN. Now, if we look at that Finding, it is exhibit 18 in the book, I will put it up there. Did you receive the letter of November 26, 1985, from William Casey addressed to you which says, "Pursuant to our conversation, this should go to the President for his signature and should not be passed around in any hands below our level."

Mr. POINDEXTER. I did receive that.

Mr. LIMAN. Did you receive the Finding with it? Is that correct?

Mr. POINDEXTER. Well, I must say, I don't actually remember getting it, but I am sure that I did. I am sure they came together.

Mr. LIMAN. Admiral, when you saw the Finding, am I correct that the Finding itself was essentially a straight arms-for-hostage Finding?

Mr. POINDEXTER. That is correct. It had been prepared essentially by the CIA as a—what we call a CYA effort.

Mr. LIMAN. Did the President of the United States sign that Finding?

Mr. POINDEXTER. As I have testified before, he did, on or about the fifth of December. I am vague on the date.

Mr. BECKLER. Mr. Liman, I am going to ask you to let him finish. I know you have a lot of questions and we are going to answer them all. Don't interrupt, please. That will put a chill on this witness.

Mr. LIMAN. I have tried not to interrupt. I did not intend to, and I apologize. Sometimes it is not clear whether the witness has fin-

ished his answer, and I saw, when I interrupted, that I had, and I apologize.

Mr. BECKLER. We have plenty of time here. We are not in a rush.

Chairman HAMILTON. May I suggest to you when you have a comment or objection, you direct it to the chair and not to counsel or members. That will be helpful.

Mr. BECKLER. Thank you.

Mr. LIMAN. Do you recall who was present when the President signed the Finding?

Mr. POINDEXTER. No, I don't. One of the things that I think my recollection is very poor on are the circumstances of the President actually signing this. I recall that was a day or so after Mr. McFarlane had resigned, and the President had just, I am not even—I guess we had announced it on the 4th.

Mr. McFarlane actually resigned on the 30th of November, we announced it on the 4th of December, and my recollection is that he signed this the following day, on the 5th.

My recollection now is that the CIA, especially the Deputy Director, John McMahon, was very anxious to get this signed. I frankly was never happy with it because it was not fully staffed, and I frankly can't recall when I showed it to the President whether—who was there or exactly what the discussion was or even what I recommended to him at this point.

I simply can't remember that.

Mr. LIMAN. But you do recall that whatever you recommended, the President read it and he signed it?

Mr. POINDEXTER. Yes, he did. He did sign it.

Mr. LIMAN. And there was, in fact, the recommendation from Bill Casey that he sign it and Bill Casey was a person whose advice the President valued?

Mr. POINDEXTER. He did.

Mr. LIMAN. What happened to that Finding?

Mr. POINDEXTER. As I said earlier, I destroyed that by tearing it up on the 21st of November, because I thought it was a significant political embarrassment to the President, and I wanted to protect him from possible disclosure of this.

To get into the details of exactly how it happened, which I assume you are interested in——

Mr. LIMAN. When you say the 21st of November, you are talking about the 21st of November 1986?

Mr. POINDEXTER. 1986; that is correct.

Mr. LIMAN. Now, would you tell the panel the circumstances of your destroying this Finding because you thought it would be a significant political embarrassment to the President?

Mr. POINDEXTER. I will. The Finding, the existence of the Finding I had completely forgotten in early November, 1986. As I said before, the Finding initially was prepared by the CIA for the reason that I stated. I can recall in my time at the White House one or possibly two other Findings that had a retroactive nature to them. I, frankly, was always uncomfortable with that, because I thought it didn't particularly make a lot of sense.

The Finding was very narrow. It was prepared before there had been thorough discussion of the issue. As I said earlier, I came into the issue in a full, responsible way in early December of 1985.

Prior to that time, Mr. McFarlane handled it. I felt that it was important that we improve on this Finding so that we clearly lay out what the objectives were in the Iranian initiative. And, as we'll get to, I am sure, there were other Findings in January.

But, anyway, after this Finding was signed, it was retained in my immediate office, and at some point after it was signed, I had apparently given it to Commander Thompson, my military assistant, to put in an envelope in his safe to keep. I had, as I said, completely forgotten about it.

On November, the 21st, when Ed Meese called me and said—well to go back a step, we had run into a problem in November of what had actually happened in 1985. It was very dim in people's memories. We didn't think we had much in writing. As I think you have heard Colonel North testify, we, frankly, did not realize the old PROF notes existed. My policy was to erase them, and I apparently did it the right way, and I don't think Colonel North did it the right way. So we didn't have the benefit that these committees have in going back over these old PROF notes, or we didn't realize that we had that opportunity.

But Ed Meese and I had talked many times during the month of November, and when it became clear that there was a disagreement between Cabinet-level officials as to what had happened in November of 1985, he indicated that he wanted to come over and ask the President to have a factfinding session, primarily with the Cabinet-level officials involved, to try to sort out what had happened, actually happened, in November of 1985.

And he called me early in the morning on the 21st of November and told me this, and he said he had an appointment to see the President at 11:30, and he wanted me and Don Regan to go with him, which we did, at 11:30. He told the President about the controversy—not really controversy—the different recollections as to what had happened in November and said he thought it would be useful if he would have a couple of his people that were close to him look into the matter to see if they could piece together what had happened. The President readily agreed, as I did, at that point. Because here we had Mr. McFarlane on one hand and Secretary Shultz on the other hand recalling different recollections as to what had happened in the early days of November of 1985.

So Ed called me after lunch, as I recall, and said he was going to send over a couple of his people either that afternoon or the next day, and I am not sure which, and he asked if I would have the appropriate documents pulled together so they could take a look at them. I said I would do that.

After he called, I called Commander Thompson, my military assistant, and asked him to take charge of pulling these documents together, and then I called Colonel North and told him of my conversation with Mr. Meese and asked him to cooperate with Commander Thompson and Mr. Meese's people.

I called Colonel North because he was very protective of the documents that he had, and I wanted to make sure that he understood the tasking that I had given Commander Thompson.

Later in the afternoon or early evening, Commander Thompson brought in to my office the envelopes that I had given him earlier containing the material we had on the Iranian project in the imme-

diate office, which was essentially the various Findings, and he pulled out this November Finding, it was actually signed in December, and my recollection is that he said something to the effect that, "They'll have a field day with this," or something to that effect.

And my recollection is that the import of his comment was that up until that time in November of 1986, the President was being beaten about the head and shoulders, that this was—the whole Iranian project was just an arms-for-hostage deal.

Well, this Finding, unfortunately, gave that same impression. And I, frankly, didn't see any need for it at the time. I thought it was politically embarrassing. And so I decided to tear it up, and I tore it up, put it in the burn basket behind my desk. I can't recall, but I believe that Colonel North was there in the office, but I am a little fuzzy on that point.

Mr. LIMAN. Was Commander Thompson there when you tore it up?

Mr. POINDEXTER. I believe he was, but I can't swear to it. I know he brought it in, and I can recall his comment, but exactly how long it took—because when he made his comment, I said, "Well, let me see the Finding," and he pulled it out and gave it to me, and I read it, and at some point after that I tore it up, but it was within a short period of time.

Mr. LIMAN. Now, admiral, you talked about the fact that you were being——

[Witness conferring with counsel.]

Mr. LIMAN. Admiral, you talked about the fact that the President was being beaten around the head and shoulders by the media for sanctioning an arms-for-hostage deal and that this Finding seemed to corroborate it, and you, therefore, destroyed it in order to prevent significant political embarrassment.

Did you regard one of the responsibilities of the National Security Adviser to protect the President from political embarrassment?

Mr. POINDEXTER. I think that it's always the responsibility of a staff to protect their leader, and certainly in this case, where the leader is the Commander in Chief, I feel very strongly that that's one of the roles, and I don't mean that in any sense of covering up. But one has to always put things in the President's perspective and to make sure that he is not put in a position that can be politically embarrassing.

Mr. LIMAN. Now, admiral, a Finding represents a decision of the President of the United States, correct?

Mr. POINDEXTER. It represents——

[Witness conferring with counsel.]

Mr. POINDEXTER. A Finding, I don't believe, is discussed in any statute. It is discussed in various Presidential directives. It is an artifact of what the statute calls a Presidential determination.

Mr. LIMAN. And the President, when he signed this Finding, was making a determination?

Mr. POINDEXTER. That is correct. But it's important to point out that the Finding, that early Finding was designed for a very specific purpose, and was not fully staffed, and did not in any way ever represent the total thinking on the subject.

Mr. LIMAN. Well, the President didn't authorize you to destroy the Finding, correct?

Mr. POINDEXTER. He certainly did not.

Mr. LIMAN. And whether the Finding was fully staffed or not or represented the full thinking or not, the President did sign it after reading it.

Mr. BECKLER. Mr. Chairman, I am going to object here. This is the—I think it has been established that the President signed it. There has been no hesitancy about that. The question has been asked and answered several times. I would ask that counsel move on to the next subject.

Mr. LIMAN. I am moving.

Mr. BECKLER. Thank you, Mr. Liman.

Mr. LIMAN. Admiral, this Finding constituted, in your words, an artifact but a document that provided authorization for what the CIA had done in November of 1985, correct?

Mr. POINDEXTER. Yes, that is correct. But it is, I mean the question is, as has been discussed in these hearings up to this point, is that a Finding, whether it is in writing or verbal approval, or whatever form the President's determination takes, has to be done before the fact. And I never felt on this Finding or any of the others—and, as I say, I think there were two—that the retroactive nature was not really a very good mechanism.

Mr. LIMAN. In addition——

Mr. POINDEXTER. The question was—excuse me, Mr. Liman—but the question in my mind was what the President had approved ahead of time.

Mr. LIMAN. And this Finding also was prospective, it wasn't just retroactive, but it was prospective in its language?

Mr. POINDEXTER. It was. But not adequate in terms of addressing the prospective nature.

Mr. LIMAN. You concluded that it wasn't adequate. You have said that already. Now, when you destroyed this Finding, was it your intent to really make it appear that no such determination as the one that's there on the wall, arms for hostages, ever took place by the President?

[Witness conferring with counsel.]

Mr. POINDEXTER. Would you repeat that, Mr. Liman.

Mr. LIMAN. Was it your intent that no one know that this document was, in fact, signed by the President of the United States?

Mr. BECKLER. At what point—objection. At what point in time?

Mr. LIMAN. When you just ripped it up.

Mr. POINDEXTER. Well, when I ripped it up, the reason that I ripped it up was that from my sad experience over many years in the White House, I had concluded that if any paper left my office, I had no assurance whatsoever that that paper wouldn't leak.

At that point if that paper had leaked out, it would have reinforced the story that all we had in mind in the beginning on the Iranian project was arms for hostages. That was not the case.

The Finding did not in any way present a total, accurate description of what Mr. McFarlane had in mind, what I had in mind, or what the President had in mind. It addressed part of the issue.

Mr. LIMAN. How did you know, when you ripped it up, that the President would not recall that he had signed that Finding and ask for it?

Mr. POINDEXTER. Well, if he had, and asked me about it—and this is a hypothetical question—but based on my past experience on such issues, I would have told him exactly what I had done with it.

Mr. LIMAN. Were you conscious at the time that you took your action that there was a Presidential Records Act that related to the preservation of documents signed by the President of the United States?

[Witness conferring with counsel.]

Mr. POINDEXTER. As I've said earlier, after this December Finding was signed, I tasked and we did produce a much more detailed Finding that addressed the total picture and, as I looked at that December Finding in November of 1986, my thinking was at that time that that Finding had been superseded by the January 17 Finding.

I didn't spend a lot of time in making that decision, analyzing exactly what that meant, but my best recollection of my thinking at the time was that this Finding that superseded wasn't really applicable at the time. It did obviously, you know, with hindsight, cover a time period between early December, when it was signed, and January the 17th, when the final version was signed. And I'm aware of a Presidential Records Act. I must say that I did not think about that at the time.

Mr. LIMAN. Admiral, I don't want to embarrass you by belaboring this any more than you want to embarrass the President. I just want to ask you this. The fact is that this Finding remained in effect until January, when there was a new Finding. Am I correct?

Mr. POINDEXTER. That's correct. For a period of about 6 weeks, 6 or 7 weeks.

Mr. LIMAN. And it is also a fact that Findings get superseded or terminate all the time. Is that so?

Mr. POINDEXTER. That's correct.

Mr. LIMAN. And it is a fact that they are not destroyed just because they expire or because a new Finding is adopted?

Mr. BECKLER. Mr. Chairman, I'm going to object to that question. That is a conclusion. There is no basis for him asking that question, no foundation for it.

I would ask it be stricken.

Chairman HAMILTON. Counsel, your objection is overruled.

I just want to say that I recognize, of course, counsel is accustomed to rules of evidence in court, which, as you know, is much stricter than we have here, and for our purposes we will permit questions which go to a legislative purpose. That certainly includes the oversight responsibilities of the Congress, and it is the intention of the chair to permit counsel and members to have very broad leeway in asking questions.

The objection is overruled.

Counsel may proceed.

Mr. POINDEXTER. Mr. Liman, I honestly don't know whether other superseded Findings are destroyed or not. We handled this series of three Findings outside of our formal system. We did have a formal process through which most Findings were managed, and I frankly don't know what the records people do with superseded Findings.

Mr. LIMAN. In any event, you never destroyed a Finding before that had been signed by the President?

Mr. POINDEXTER. I don't believe I did.

Mr. LIMAN. And the reason that you destroyed this was not because it was superseded but because it had the potential for political embarrassment.

Mr. BECKLER. Mr. Chairman, I have to object again. The testimony did not support that glittering generalization by Mr. Liman.

Mr. LIMAN. I withdraw the question.

Chairman HAMILTON. I think counsel has withdrawn his question.

Mr. LIMAN. Is the reason that you destroyed that Finding because it would provide political embarrassment?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Let's go to the—on December 7, 1985, after the Finding had been signed by the President, there was a meeting, was there not, between the principals of the National Security Council?

Mr. POINDEXTER. Yes, there was.

Mr. LIMAN. And do you recall Mr. Weinberger was there and Secretary Shultz was there, Don Regan was there, Mr. McMahon of the CIA was there; do you recall that?

Mr. POINDEXTER. Yes, I do.

Mr. LIMAN. There has been testimony about this. The only reason I am going to ask you about this is because there were certain perceptions in the Tower Report as to whether the Secretary of State or the Secretary of Defense really expressed their views forcefully.

Would you tell us, admiral, whether the—at that meeting, there was a discussion again or there was a discussion of the Iran initiative, is that so? You have to say yes or no.

Mr. POINDEXTER. Yes, there was.

This December 7th meeting was the first opportunity that I can recall that I had to hear the President personally, the Secretary of State, the Secretary of Defense talk about their feelings about this initiative that had been proposed by the Israelis.

Mr. LIMAN. And the subject on the table was an Israeli initiative under which the Israelis would ship arms to the Iranians and we would replenish the arms, hopefully there would be better relations with Iran, and as a token of good faith, the American hostages would be released; is that a fair summary?

Mr. POINDEXTER. Well, I think it's a partial summary.

Mr. LIMAN. Why don't you complete it.

[Counsel conferring with witness.]

Mr. POINDEXTER. We had been concerned in the National Security Council for some period of time with the situation in Iran. Unfortunately, we have very poor intelligence on what is happening in Iran.

The National Security Council staff had prepared a draft Finding earlier in 1985 to try to get the government focused on what we saw as a very significant, looming problem in Iran as Ayatollah Khomeini eventually passed from the scene and it was some sort of succession. We didn't want a repeat of the 1970s when things were happening in Iran that we weren't aware of, and eventually went out of our control and out of the control of the government there.

We wanted to preclude the possibility in the future, and we felt that we needed to take an initiative to get closer to people in the Iranian Government so that we could find out what is happening and hopefully have some influence in the future, or at least have information on which to base the U.S. policy.

Mr. LIMAN. Admiral, see if this part is correct, that the currency for trying to get that influence that was being demanded, as reported by the Israelis, involved arms?

Mr. POINDEXTER. That is often the currency of any sort of business in the Middle East.

Mr. LIMAN. And in this case, that was the currency being demanded?

Mr. POINDEXTER. Yes. That is correct.

Mr. LIMAN. And it is also true that we did not want to authorize arms shipments to the Iranians unless we were assured of getting our hostages back; is that so?

[Counsel conferring with witness.]

Mr. POINDEXTER. As I was trying to lay out a moment ago, what our concerns were, what our major objective was, the President was clearly also concerned about the hostages. The President is a very sensitive person, and he is concerned about individuals when they are in difficulty. And so he, just as a human being, was concerned about the hostages.

I don't think that the President is overly concerned about them, but he recognized that we did have an opportunity here to try to get the hostages back, and there was no way that we could carry on discussions with Iranian officials about broader objectives until we got over the first obstacle and the first obstacle was to get the hostages back. And the President felt that—that it was worth taking some risk here.

Mr. LIMAN. Did the Secretary of State and the Secretary of Defense express objections?

Mr. POINDEXTER. They expressed, as opposed to some reports, very strong, vociferous objection, and clearly laid out for the President the other side of the issue.

Mr. LIMAN. And without going into undue detail, could you just tick off the points they made?

Mr. POINDEXTER. Well, they are the obvious points that have been made since this all has become public. Secretary Shultz was concerned about our operation to staunch the flow of arms into Iran, which is one of the methods that we are using to try to stop the war between Iran and Iraq.

After all, our policy objective there is to stop the war. The policy objective is not to have an arms embargo. You don't just go out and have an arms embargo for nothing. The reason we have an arms embargo against Iran is because we want to try to influence the end of the war, but in its simplest terms, what was being proposed here was not in accordance with that particular method that we were using.

He was concerned that if the European countries found out about it, that it would lessen their willingness to cooperate. In reality, though, in my opinion, we have never had good cooperation from anybody on Operation Staunch. The European countries con-

tinued to send military equipment and supplies into Iran. Iran has been able to carry on a war for 6, going on 7 years now, I guess.

Other objections were that it was contrary to the Arms Export Control Act. Secretary Weinberger had slightly different reasons, but they are generally along the same lines.

Mr. LIMAN. And there is no doubt in your mind that the President listened to and understood those objections?

Mr. POINDEXTER. I have a very vivid recollection of that meeting, and it was in the residence. The President pulled a footstool up to the coffee table and sat there very quietly, as is his nature, listening to all of the discussion up to that point, listening to Secretary Shultz, to Secretary Weinberger, Mr. McFarlane. I had very little comment. And I don't recall the Chief of Staff saying very much.

Mr. McMahon was there and commented a little bit about some of the technical aspects of the initiative. I had spoken to Director Casey about the meeting before it took place, and knew at that point that Director Casey was in favor of the idea.

And the President listened to all this very carefully, and at the end of the discussion, at least the first round, he sat back and he said something to the effect—and this is not a direct quote, but it was something to the effect that "I don't feel we can leave any stone unturned in trying to get the hostages back. We clearly have a situation here where there are larger strategic interests, but it is also an opportunity to get the hostages back, and I think that we ought to at least take the next step."

Chairman HAMILTON. Counsel, is this an appropriate time for recess?

Mr. LIMAN. Yes, Mr. Chairman.

Chairman HAMILTON. The joint committees will stand in recess.

[Brief Recess.]

Chairman HAMILTON. The Select Committees will resume sitting.

Mr. Liman, you may proceed.

Mr. LIMAN. Thank you, Mr. Chairman.

Admiral, at the December 7th meeting, was there any discussion of the November HAWK shipment?

Mr. POINDEXTER. Mr. Liman, I can't recall that. I would be surprised if there weren't, but frankly I'm not sure.

Mr. LIMAN. Is the same thing true with respect to the TOW shipment that took place in September by the Israelis?

Mr. POINDEXTER. Yes. I'm reasonably sure in hindsight that it was probably covered, but my recollection of Mr. McFarlane's introduction to the issue was that he probably provided a review of what had happened up to that point. But frankly I can't remember that review very well.

Mr. LIMAN. As I understand your testimony, the bottom line of the December 7th meeting was that the President listened to the objections, listened to the arguments for this, recognized the risk, said he was prepared to take that risk, and made a decision that at the very least Mr. McFarlane should go to London. Fair?

Mr. POINDEXTER. Yes, that is fair.

[Counsel conferring with witness.]

Mr. POINDEXTER. And I don't want to leave the impression that this was a stilted meeting. In other words, it wasn't a situation where, as you probably have seen from some of the agenda for NSC

or NSPG meetings, where each Cabinet officer had so much time and Mr. McFarlane provided a summary. This was a very freewheeling discussion, and frankly my experience is that if you want to have a discussion like that, which was what we wanted, we wanted a freewheeling discussion, you have it at the residence in a less formal setting where everybody could be comfortable. You only have principals in attendance, not a lot of staff around, and everybody feels free to express their view without it being published in the *Washington Post* the following day.

So this was a very freewheeling discussion. Everybody spoke very frankly. Secretary Shultz and Secretary Weinberger spoke more than once. There was a lot of give and take in the discussion.

But in the end, the President decided that Mr. McFarlane should make the trip to London to check out this Israeli channel so that we could, the President could take a decision based on firsthand U.S. information.

Mr. LIMAN. Now, when Mr. McFarlane returned from London, did you speak to him?

Mr. POINDEXTER. I did.

Mr. LIMAN. And you spoke to Colonel North?

Mr. POINDEXTER. I did.

Mr. LIMAN. And you received Colonel North's memorandum summarizing the meeting, which is our exhibit 22?

Mr. POINDEXTER. Yes. I have a vague recollection of seeing that at the time.

Mr. LIMAN. All right. Admiral, did Mr. McFarlane brief the President with you there on his views?

Mr. POINDEXTER. Yes. As I said before, after Mr. McFarlane came back from London, he pretty much turned over the entire operation of the NSC staff to me and he came in, as I recall, he got back on a Monday, and my recollection is he came in to give the President a debriefing on the Tuesday at 9:30.

Mr. LIMAN. And did he express a very negative view towards Mr. Ghorbanifar?

Mr. POINDEXTER. Yes, he did. You know, we didn't go into this thing in a naive way. As soon as Mr. Ghorbanifar was identified as the channel that the Israelis were using, and I can't remember at this point when we learned that, but it was prior to December, and we checked the man out with information from our own intelligence services, and we knew what kind of person Mr. Ghorbanifar was, we knew his polygraph record, as has been discussed in these committees before, and we were aware of that.

Mr. McFarlane confirmed all that when he came back and his position was, as I recall, that unless we could get a better channel, that he was very dubious we would make much progress with this particular channel.

Mr. LIMAN. Now, did Colonel North express the view that if you didn't continue with this channel and continue with arms shipments, that the hostages would be killed? It is in that memorandum.

Mr. POINDEXTER. Yes. He did express that in the memorandum.

Mr. LIMAN. Is it fair to say he also expressed that on other occasions after that?

Mr. POINDEXTER. Yes. That is correct. That was his personal view and assessment of the situation.

Mr. LIMAN. Was that view communicated to the President?

Mr. POINDEXTER. I am certain it was. I can't recall the specific conversation. But I am confident that it was raised.

Mr. LIMAN. Do you recall what effect, if any, it had on the President to be told that if you don't authorize shipments to the Iranians, that since we have built up expectations, they will be killed and it will be blamed on you?

Mr. POINDEXTER. I don't know that I would want to testify as to that having a disproportionate impact on the President. My assessment of the President's thinking is more that he knew that we had been trying for a very long time, essentially since the first hostage was taken.

We had been working very diligently to find some way to get the hostages back, including rescuing. We were devoting extensive resources to the problem of locating the hostages. The President said publicly, numerous times, that we were working very hard to get the hostages back, but that the details of what we were doing had to remain secret.

So it was common knowledge by everybody as to what we were—what he was stating. Of course, I think, at least some of the media tended to downplay what we were doing or what they thought we might be doing.

Mr. LIMAN. Admiral, on January 2, 1986, did the Israelis come to visit you with a new plan?

Mr. POINDEXTER. Yes.

Mr. LIMAN. And was it Mr. Nir?

Mr. POINDEXTER. Yes, Mr. Nir, who was a special assistant to Prime Minister Peres, Shimon Peres of Israel, came to town in late December, and I agreed to meet with him on the 2nd of January.

Mr. LIMAN. And you have presented to us your notes of that meeting, which are exhibit 23?

Mr. POINDEXTER. I have it.

Mr. LIMAN. Let me see if I can summarize it based on the notes and the testimony that you have given previously. Mr. Nir presented a proposal for an Israeli initiative that he wanted the United States to give support to, but it would be an Israeli initiative.

Mr. POINDEXTER. I would characterize it—it was an Israeli initiative, but it was something that they wanted to do, that they also thought was in the U.S. interests, and essentially it was an offer for an opportunity for us to cooperate with the Israelis.

Mr. LIMAN. And there was a "no-cost" feature to it. Was the plan this based on your notes that the Israelis would, and I am looking at what we have put stamp 21 on, the Israelis would be shipping 4,000 TOWs, but upon the shipment of the first 500, all five hostages, U.S. hostages, would be released.

If they were released, the 3,500 remaining TOWs would be shipped, there would be a commitment by the Iranians for no more hostages or terror, and if the Israelis didn't get the American hostages back after they shipped the 500 TOWs, then the Israelis would be out the 500 TOWs, it would be their risk.

If, on the other hand, they got the hostages back, they would get replacements, not only for the 4,000 TOWs that were being sent,

but for the 500 that they had sent in September. That was the proposal?

Mr. POINDEXTER. That was the plan on that particular aspect of the plan. In the beginning of the discussion with Mr. Nir, we discussed the strategic situation with Iran and why Israel was interested in going forward with this project, and they, frankly, wanted to do it, I think, on their own even if we did not want to cooperate, but they recognized that we could certainly be of assistance, and they frankly thought that it was also in our interest, which it was, and that is not to say that our interests are exactly the same as the Israeli interest. And the whole discussion, although in my notes a lot of room is taken up in discussing the plan on the arms shipment, it was always recognized that for us in terms of any sort of strategic opening to Iran we had to get over the first hurdle, the first obstacle, and that was to get the hostages back. And so the beginning of the discussion was a more general one and then we got off on the specific first step that would be required.

Mr. LIMAN. And is it fair to say that as it was being presented to you, the price of getting the hostages back was that you had to ship arms or let Israel ship arms?

Mr. POINDEXTER. We had to—what they were asking essentially for was our acquiescence to their shipping arms and selling them replacements for their arms.

Mr. LIMAN. And this was different from other plans in that they said if we don't get them back after the first 500 are shipped, that we will be out of pocket?

Mr. BECKLER. Mr. Chairman, I would like to object at this point. Mr. Liman said, I think, last week, he was a New York lawyer and I'm sure he knows all the answers, but this was a private meeting between two people in a room, Admiral Poindexter and Mr. Nir. There's notes of that meeting.

I think if Mr. Liman is attempting to conduct here a direct examination, then I think it would be a good idea, as we did in private session, to have the admiral explain from his notes what the meeting concerned.

Mr. Liman wasn't present at that meeting, I wasn't present at that meeting, nobody else except Admiral Poindexter and Mr. Nir, and I think that would be the way to approach it, rather than Mr. Liman's agenda as to what he believed was going on in a meeting which he did not attend.

Mr. LIMAN. Mr. Chairman, I'm trying to summarize, based on his notes and his testimony. If the summary is not either fair or complete in its context, then Admiral Poindexter knows that he can say no, that's not correct.

We have been at a number of sessions together, and I think we get on just fine.

Mr. BECKLER. My motion was addressed to the chair.

Chairman HAMILTON. I appreciate your objecting to the chair.

Your objection is overruled. Counsel may ask the question and the admiral may respond as he sees fit, elaborating to the extent he wants to elaborate.

Mr. BECKLER. Thank you, Mr. Chairman.

Chairman HAMILTON. You may proceed, sir.

Mr. POINDEXTER. I'm sorry, Mr. Liman——

Mr. LIMAN. Was the proposal that was presented to you by Mr. Nir that if the hostages were not released after the first 500 TOWs were shipped by Israel, they would be out of pocket those?

You can look at your notes.

Mr. POINDEXTER. That clearly was the situation in January. But your question, as I understand it, was whether that was different from before.

Mr. LIMAN. Was that different from the one in December that you discussed at the December 7 meeting?

Mr. POINDEXTER. Well, that's—I'm in the awkward position of not having notes on the December 7 meeting, which I didn't take, and so I can't remember exactly.

I think—my best recollection is that the plan was always to try to get the hostages—at least in the initial stages, the plan was always to try to get the hostages back in one lump, all five at the same time. There clearly are problems with a seriatim release.

The new feature of this plan was really something different. As I understood your question, you were trying to say that that was the new feature of this plan, and that I don't think was particularly new.

Mr. LIMAN. No. I was asking you whether the fact Israel would absorb the loss of 500 TOWs was a new feature.

Mr. POINDEXTER. OK. I have trouble with that, too, because I, I don't think—well, I don't think I realized personally until this meeting in January that the Israelis expected us to replace the first 500. So I'm not sure, because I wasn't in on the discussions with the Israelis in July, August, and September—I'm not sure exactly what, how the U.S. commitment was described at that time.

Mr. LIMAN. Now, let's move on.

Did admiral—did Mr. Nir, admiral, say anything to you at this meeting on January 2 about using proceeds from the sale to support the Contras?

Mr. POINDEXTER. No, he did not.

Mr. LIMAN. All right.

On January 6 a Finding was signed by the President, which was exhibit 24A in our book here, and there is a memorandum accompanying it, a cover memorandum from you describing the plan for the Israelis to sell the TOWs and for us to reimburse, replace those TOWs.

Do you remember the circumstances under which the President signed that Finding?

Mr. BECKLER. Mr. Liman, you are referring to exhibit 24 as the cover to 24A?

Mr. LIMAN. Yes. 24A is the Finding, 24 is the cover memo.

Mr. POINDEXTER. I don't have a vivid recollection of this, but I believe what happened was that after Mr. McFarlane came back from London, the best description that I have seen of the President's mood is reflected in a memo that's in the Tower Commission Report from Director Casey. I think, as I recall, it is a memorandum for the record, of that meeting.

Mr. LIMAN. Would you describe his mood?

Mr. POINDEXTER. Well, his mood was one of—essentially of not being willing to give up, that he thought that we ought to continue working on the problem. After all, my recollection is that Mr.

McFarlane wasn't opposed to the initiative at that point or wasn't recommending total opposition to it; he was only recommending if we were going to proceed ahead, that we find a different channel because he didn't trust Ghorbanifar. And the President's mood was one of wanting to continue to work the issue.

After the December meeting, as I recall, I asked Colonel North to work with Stanley Sporkin out at the Agency and also touch base with either Ed Meese or some of his people that worked Findings, to prepare a broader, more all-encompassing Finding that clearly laid out all of our objectives, and then once we had that staffed and properly discussed, we would be in a much better situation to proceed ahead with some form of an Iranian project, with all of the objectives that are clearly laid out in that.

And, as I recall, this exhibit 24 was essentially the first draft that I saw of the broader Finding that Colonel North and others in the Government had worked to produce, and probably what I did in early January—the meeting with Mr. Nir was on the 2nd. That afternoon—the President was on the west coast—that afternoon I flew out to the west coast to join up with the President. I had been on leave back here over the holidays and my deputy was with the President.

The President had a meeting with the President of Mexico in Mexicali on the way back, and I was going to join him for that meeting. These notes that were in the previous exhibit we discussed were not contemporaneous notes taken during the Nir meeting. I actually wrote those notes on the aircraft on the way out to California, based on my recollection of the meeting.

And because of the meeting with the President of Mexico and everything attendant to that, I didn't have an opportunity to discuss the Nir meeting with the President until we returned to Washington. I can't remember the exact day we returned, but, as I recall, this memorandum was waiting for me when I got back, and I probably took it up to a 9:30 meeting to discuss it with the President in a preliminary way, and as is oft the way it happens, when the President is reading something, whether it is a final or a draft, if he agrees with it, he will often sign it, and so that's why this particular version of the Finding was signed.

It had not been fully staffed, because I felt that on such an important issue that it was important to get all of the President's National Security Advisers, and that is the Secretary of State, the Secretary of Defense, the Director of Central Intelligence, and on this matter the Attorney General, together—the Vice President had not had a chance to make his views known at that point. And so, as I recall, after discussing this with the President and the President indicating that he was in general agreement, in fact indicating that by signing it, which I didn't want him to do at that point because he hadn't had a full discussion. We agreed to have a meeting later in the Oval Office with all the National Security Advisers to thoroughly discuss the issue.

Mr. LIMAN. Is it fair to say that that meeting took place on January 7?

Mr. POINDEXTER. Yes, it did.

Mr. LIMAN. And without getting into great details, is it true that Secretary Shultz and Secretary Weinberger again expressed their opposition to the initiative?

Mr. POINDEXTER. Yes, they did.

Mr. LIMAN. And is it also correct——

Mr. POINDEXTER. Very vigorously.

Mr. LIMAN. And is it correct that the Attorney General told the President that he had a legal right to pursue this initiative by replenishing arms to Israel and so forth?

Mr. POINDEXTER. He did.

Mr. LIMAN. Now, the transaction that was described in the memorandum accompanying the Finding that the President signed was one where the Israelis would sell and we would replenish. Do you recall that on January 17, 1986, the President signed a new Finding?

Mr. POINDEXTER. He signed the final version of this Finding.

Mr. LIMAN. Right.

Mr. POINDEXTER. In my view, there is really only one Finding.

Mr. LIMAN. The January 6 Finding became the January 17 Finding?

Mr. POINDEXTER. That is correct. The January 6 was the first version of this broader Finding.

Mr. LIMAN. Right. And that January 17 Finding is exhibit 28 in our book, and 29, I believe. Twenty-eight is the cover memo of yours, and 29 is the Finding itself.

Mr. POINDEXTER. In my book, Mr. Liman, it's all under 28.

Mr. LIMAN. OK. If you can look at that memorandum if you need it to refresh your recollection, is it fair to say that by January 17 the mechanics of the transaction had changed in that now it was going to be a sale by the Department of Defense to the CIA, which through an agent would sell the arms to Iran, and Iran would release the hostages, and Israel was not going to be selling and replenishing?

Mr. POINDEXTER. The mechanics of getting over that first obstacle did change.

Mr. LIMAN. And would you just tell us why that change occurred.

Mr. POINDEXTER. Yes. In, I believe it was the 16th of January, the day previous, prior to the President signing this Finding, I had called a meeting in my office to which I invited Secretary Shultz, Cap Weinberger, Bill Casey and Ed Meese to discuss the Finding. Because our—well, Bill Casey's staff and mine had continued to work after the 7 January meeting in the Oval Office on the Finding, and there were further discussions with Ed Meese on the Finding, and before I took the final version to the President, I wanted to sit down with the other principals to go over it once again.

As I recall, the timing of the meeting was impromptu, and although Secretary Shultz, by my recollection, and I did talk to Bill Casey in November of 1986, and his recollection was the same as mine, that Secretary Shultz was there initially but had to leave because of a conflicting engagement. And, as I recall, he said, "Well, John, you know my view on this, I don't think we ought to go ahead with it," and he did not really participate in the discussions after that and, in fact, left for another meeting.

In the discussions that the four of us had—and there may have been some other staff there, I can't remember for sure—it became clear to me that Ed's view of how the mechanics of getting over the hostage obstacle should go were different than what I had in mind. One of the key reasons that Ed decided or determined that the President could legally carry out such a project that involved arms—and you had testimony about this before, it goes back to the William French Smith determination several years earlier on an arms issue. I understood that going into the 16 January meeting, but I didn't really understand up until that time that Ed felt that we should, rather than having the Israelis sell what was in their stock to the Iranians and then the United States replenish the Israeli stocks, he felt that we ought to go direct, that we ought to——

Mr. LIMAN. Why?

Mr. POINDEXTER. I will get to that, Mr. Liman.

He thought we ought to sell material out of U.S. stocks to Iran directly using the Israelis for logistics assistance. And the reason for that is that under the Arms Export Control Act, there was a congressional reporting requirement that we wanted to avoid. The President had decided, although he hadn't formally decided until he signed this on the 17th of January, but there had been discussions about whether to report this project to the Congress. I know that's a sensitive issue up here, and I think it deserves an answer on my part, but I would like to put that answer in perspective.

We had a significant problem with leaks in this administration, as with all adminstrations, but I frankly think that over the past 5 years they have gotten much worse than in earlier periods of time when I have been in Washington, and I have been here on and off for 15 or 16 years.

Now, I don't mean to imply by this that we felt, or I feel today, that all the leaks come from the Congress. That is pure nonsense. I think there are leaks that come from the Congress. There are leaks that come from the State Department. There are leaks that come from the Defense Department. There are leaks that come from the NSC staff. There are leaks that come from the White House staff. It has become an art form in this city to help influence policy.

So it wasn't simply a matter that we wanted just to postpone informing the Congress of this Finding. We didn't want many people in the Executive Branch to know about it.

Our feeling was, the President's feeling was, that the way that you carry out a secret covert activity is that you limit the knowledge to the absolute minimum number of people. And there were discussions about that.

I frankly don't recall anybody recommending that we do inform Congress. So some spoke against, some spoke in favor of postponing the notification as long as possible, and the President clearly agreed with that.

Mr. LIMAN. Admiral, let me just pursue this and then assure the members of the committee that I will get to the diversion within 10 to 15 minutes, what we call the diversion.

The matter of structuring the transaction as a sale by the United States to Iran through the CIA and in turn through a CIA agent—in this case, the Secord operation—was the result of the advice that

the Attorney General gave that that was the only way that you could avoid congressional notification; is that fair?

[Counsel conferring with witness.]

Mr. POINDEXTER. I don't think that is quite a fair description.

Mr. LIMAN. Then correct it.

Mr. POINDEXTER. I would say that he felt that it was a more straightforward way of doing it. He felt that—you ought to, as I think you are planning to hear from him on this, but my understanding of his position was that although we could continue to do it the way that had been done earlier, that it was easier to support and clearer if we did it direct. And at that point, we didn't see any particular reason not to, since we were going to keep it a covert activity.

Mr. LIMAN. If you look at exhibit 28, which is your memorandum to the President of the United States, the last five sentences on the first page, I will start reading them and I will ask you if you wrote this and whether this represented the reasons.

"We have researched the legal problems of Israel selling U.S.-manufactured arms to Iran." And when you said "we have researched," you are talking, among others, the Attorney General of the United States, am I correct?

Mr. POINDEXTER. Yes.

Mr. LIMAN.

Because of the requirement in United States law for recipients of United States arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan.

However, there is another possibility. Sometime ago, Attorney General William French Smith determined that under an appropriate Finding, you could authorize the CIA to sell arms to countries outside of the provisions of the law and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran.

Did that accurately state the reason for changing the transaction?

Mr. POINDEXTER. Yes, I think so. But I would just add that that was not to say that doing it the other way was necessarily illegal. This was just a better way of doing it.

Mr. LIMAN. And is it fair to say that the objective of trying to find a way was to defer notification to the Congress for the reasons that you stated?

Mr. POINDEXTER. Yes, that is correct.

Mr. LIMAN. Is it also true that during your tenure as National Security Adviser you presented to the Congress—you or the CIA presented to the Congress a number of Findings involving covert activities that were of a sensitive nature?

Mr. POINDEXTER. Yes. The Director or one of his people did.

Mr. LIMAN. Were any of those Findings in which the Secretary of State and Secretary of Defense were united in their opposition to the activity?

Mr. BECKLER. Mr. Chairman, I am going to object. Counsel is going beyond the scope of this inquiry talking about other Findings and who objected and who didn't.

We sat here and we took the questions as they came and we did the same thing for 4 days before we got up here, and I say we ought to stick to the topic at hand.

Chairman HAMILTON. Counsel, H. Res. 12, which set up this committee, permits us in section 1(d) to look into these operational activities, and I think the question is an appropriate one under the mandate of the committee.

So the objection is overruled, and counsel may proceed.

Mr. LIMAN. Would you like me to repeat the question?

Mr. POINDEXTER. Yes, please.

Mr. LIMAN. Without going into any of the details of those other covert operations, were any of the other matters, covert matters on which you or the CIA briefed the Intelligence Committees ones in which the Secretary of Defense and Secretary of State were united in their opposition to the operation?

Mr. POINDEXTER. Just give me a moment to think about that question, sir.

Mr. LIMAN. Sure.

[Counsel conferring with witness.]

Mr. POINDEXTER. I can't recall, although I certainly can't be sure because of all of the activity over the 5½ years whether there was any other Finding that fell in the category that you have defined or not.

There clearly, by my recollection anyway, were Findings that the President signed that were briefed to the appropriate congressional authorities at the time with which either the Secretary of State or the Secretary of Defense might not have agreed. I don't recall one on which they both disagreed. So from that standpoint, this was a special Finding.

I missed one point that I did want to cover a moment ago in one of my answers, and that is that it was also our view, supported by the Attorney General in his capacity as Attorney General, not just as special adviser to the President, which, by the way, he had in many of his connections with me. He really—the Attorney General had two hats. But I will get into that more later.

But the Attorney General, and it was agreed by the laymen amongst us, that the President clearly had the authority under the Constitution and under the statute to postpone notification of a Finding.

Mr. LIMAN. That is not the issue that I was trying to elicit.

Your Findings or your memos make it clear that you cite both the statute and the President's constitutional prerogatives. You did receive PROF notes, which you are familiar with from looking at them recently, from Colonel North saying that the Secretary of Defense was trying to throw every roadblock possible against this transaction. You recall those, right?

Mr. POINDEXTER. That was Colonel North's characterization.

Mr. LIMAN. That was his characterization.

The point that I am really addressing to you is whether one of the reasons for deciding not to brief the Intelligence Committees was that it would have given the Secretary of State and the Secretary of Defense an opportunity to voice their opposition and perhaps to lead to the blocking of this plan?

Mr. POINDEXTER. I don't think that was any part of our reasoning. That implies a great disloyalty on the part of the Secretary of Defense and the Secretary of State, and I think that is not accurate. I think they are both very loyal to the President, and once he makes a decision, whether they recommend it or not, I think they both faithfully go about trying to carry it out to the best of their ability.

Mr. LIMAN. One other question that has been handed to me. Colonel North apparently testified that Secretary Shultz's and Secretary Weinberger's opposition was not vigorously expressed in this January period. I take it that it was vigorously expressed at the January 7 meeting, and it was expressed by the Secretary of State at that January 16 meeting, and that no one had any doubt about where both of them stood?

Mr. POINDEXTER. That is true of the earlier meetings.

On the 16th of January, I think it was pretty clear to George that the President wanted to go ahead with this at that point, and so although he voiced objection, I wouldn't say—and this is probably why Colonel North's recollection is as it was—in fact, I think probably the 16 January meeting may have been the only meeting that Colonel North was in attendance, where he may have heard the other Cabinet Officers give their views.

But it is accurate that both George Shultz and Cap Weinberger vigorously made the case as to why we should not do this.

Mr. LIMAN. Now, admiral, is it correct that in the discussions that you had leading up to the January 17 Finding, there was no discussion with the President of the United States about the possibility of using proceeds of the sale to support the Contras?

Mr. POINDEXTER. There was none.

Mr. LIMAN. And there was none with you?

Mr. POINDEXTER. There was none with me.

Mr. LIMAN. Would you tell us, and I am going to break this into different questions, when was the first time that you were told by Colonel North about this possibility?

Mr. POINDEXTER. My best recollection is that this took place some time in February of 1986.

Mr. LIMAN. And would you tell us what Colonel North said to you?

Mr. POINDEXTER. My recollection is that he had just come back from a meeting in London, and he was giving me a general update on the situation as he saw it, and he was reviewing the status of the work that was in progress at CIA and Defense, in addition to the results of his meeting in London.

And near the end of the conversation, my recollection is that he said something to the effect that, "Admiral, I think we can—I have found a way that we can legally provide some funds to the Democratic Resistance or as they have been called here," and I frankly agree with Congressman Hyde that I have no problem with calling them Contras—"through funds that will accrue from the arms sales to the Iranians."

Mr. LIMAN. Did he use the word "legally"?

Mr. POINDEXTER. My best recollection is that he did, but of course I know that Colonel North is not a lawyer and so I was taking that in a layman's sense, that that was his conclusion.

Mr. LIMAN. Do you recall reciting this in your deposition you didn't use the word legally?

Mr. POINDEXTER. I don't recall that, that I didn't. I believe that he did. He may not have.

Mr. LIMAN. Did he tell you what the method would be for doing this?

Mr. POINDEXTER. This was a——

[Witness conferring with counsel.]

Mr. POINDEXTER. This was a very general discussion, but this was clearly a new aspect that I had not thought about before. To make a long story short, in the end I thought it was a very good idea, the end of this conversation and I personally approved it.

Mr. LIMAN. Did he ask you for our approval?

Mr. POINDEXTER. I don't recall how he phrased his request, but he was clearly looking for a signal from me whether or not to proceed ahead along this line.

Mr. LIMAN. And you gave it?

Mr. POINDEXTER. And I gave it to him.

Mr. BECKLER. Mr. Chairman, this is another one of those meetings that Mr. Liman wasn't there, although I guess he would like to have been.

I ask that he allow the witness to discuss what happened at the meeting and stop interrupting him.

Mr. LIMAN. I apologize and I would not like to have been there.

Mr. BECKLER. The fact is you weren't.

Chairman HAMILTON. Counsel may proceed.

Mr. POINDEXTER. In order to put this in perspective and I think it is important to understand my state of mind at the time and what things were of concern to us, the President's policy with regard to support for the Contras had not changed since 1981. The various versions of the Boland Amendment came and went, but the President was steadfast in his support for the Contras.

In fact, in 1984, he campaigned on it in the election and was elected by a very large majority of the people.

So I was absolutely convinced as to what the President's policy was with regard to support for the Contras. I was aware that the President was aware of third country support, that the President was aware of private support, and the way Colonel North described this to me at the time, it was obvious to me that this fell in exactly the same category that these funds could either be characterized as private funds because of the way that we had—that Director Casey and I had agreed to carry out the Finding.

They could have been characterized as private funds or they could be characterized as third country funds.

In my view, it was a matter of implementation of the President's policy with regard to support for the Contras. We were in the process of working on our legislative plan to get $100 million from Congress for essentially unrestricted support to the Contras.

We knew it was going to take time. I don't think in February we realized how long it was going to take. It took us until October of 1986 to get that 100 million, which I would like to get into later.

But we clearly in February were in a situation where the humanitarian assistance, the $27 million was running out the end of March. It was clear to me at that point from earlier discussions

with the staff and the Cabinet officers involved that it was going to take longer to get the $100 million and so essentially we needed bridge financing.

The President was bound and determined, and still is, that he will not sit still for the consolidation of a Communist government on the mainland of America, and in order to prevent that, he feels that the most effective way, with which I also agree, is to keep pressure on the Communist Sandinista Government and the most effective way to do that given all of the factors considered, and because we don't want to send U.S. soldiers to Nicaragua, is to provide support to the Contras and keep them alive until we can get the $100 million.

So this presented to me a possibility of bridge financing for this short period of time until we could get the $100 million. And by the way, I was convinced as well as other Cabinet officers that we were going to get the $100 million in the discussions and negotiations with Congress on that.

We had made the decision, which I had long advocated that we would not compromise and settle for anything else. It was either going to be the 100 million or nothing, and we were convinced that that tactic would work and, in fact, it did work.

So after weighing all these matters, and I also felt that I had the authority to approve it, because I had a commission from the President which was in very broad terms, my role was to make sure that his policies were implemented. In this case, the policy was very clear, and that was to support the Contras.

After working with the President for 5½ years, the last 3 of which were very close, probably closer than any other officer in the White House except the Chief of Staff, I was convinced that I understood the President's thinking on this and that if I had taken it to him that he would have approved it.

Now, I was not so naive as to believe that it was not a politically volatile issue, it clearly was, because of the divisions that existed within the Congress on the issue of support for the Contras, and it was clear that there would be a lot of people that would disagree, that would make accusations that indeed have been made.

So although I was convinced that we could properly do it and that the President would approve if asked, I made a very deliberate decision not to ask the President so that I could insulate him from the decision and provide some future deniability for the President if it ever leaked out.

Of course, our hope was that it would not leak out.

Mr. LIMAN. When you say deniability, are you saying that your decision was not to tell the President so that he would be able to deny that he knew of it?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And did you at any time prior to the Attorney General's Finding this on November 22 tell the President of the United States for the fact that proceeds from the Iranian arms sale were being used to support the Contras?

Mr. POINDEXTER. I don't—I did not—I want to make this very clear, I understand it is an important issue—I did not talk to anybody else except Colonel North about this decision until, to my knowledge, to my best recollection, and I don't want to quibble

here over times in late November of 1986—but my recollection is the first mention that I made to anybody besides Colonel North was on November 24th, 1986 to Ed Meese.

Mr. LIMAN. And so that the answer is you did not tell the President of the United States?

Mr. POINDEXTER. I did not.

Mr. LIMAN. And that for a period of whatever it is, 9 months, you kept it from the President of the United States for the reasons you have given.

[Counsel conferring with witness.]

Mr. POINDEXTER. Mr. Liman, this clearly was an important decision, but it was also an implementation, a very clear policy of if the President had asked me, I very likely would have told him about it. But he didn't.

And I think it is—you know, an important point here is that on this whole issue, you know, the buck stops here with me. I made the decision. I felt that I had the authority to do it. I thought it was a good idea. I was convinced that the President would in the end think it was a good idea. But I did not want him to be associated with the decision.

Mr. LIMAN. Admiral, let me just explain something that my job is not only to elicit what happened, but why it happened, what was going through the mind of people like you who made decisions, and I hope you will understand that that is why I am putting the questions that I have put, and that I will put.

Mr. BECKLER. Mr. Chairman, I want to comment on that editorializing by Mr. Liman.

His job is to ask my client what he did and what went through his mind, not what everybody else was thinking.

Chairman HAMILTON. Counsel, I think it is helpful to members of the committee for Mr. Liman to make that statement and I think counsel may proceed.

Mr. LIMAN. You testified before in connection with the destruction of that November Finding that you did see the job of the National Security Adviser as including protecting the President from political damage.

Do you recall that?

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. Is it fair to say that the decision that you made to not tell the President about this use of the proceeds of the arms sale was another manifestation of that type of responsibility as you saw it?

Mr. POINDEXTER. Yes, it was.

Mr. LIMAN. You understood that if this got out, it would be very controversial.

Mr. POINDEXTER. I did understand that.

Mr. LIMAN. And that it could, if it got out and the President was associated with it, cause damage to the President?

Mr. POINDEXTER. I realized that it would do that, yes.

Mr. LIMAN. And that was indeed the reason for not telling him?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Did you not think, sir, that given the potential for damage and embarrassment that he, the President of the United

States, should have the choice whether to proceed with this use of the money?

Mr. POINDEXTER. That thought didn't cross my mind at the time. It was a matter, in my view, of keeping the Contras alive so that there would be a viable option in the future to continue the pressure against the Communist government down there. If the Contras disbanded because of lack of funds, and that was always a problem, then we wouldn't have that option, and my view was, again, you have got to put this in the context of many, many meetings with the President talking to him extensively about the way he thought about these issues, and I am sure, as the members of these committees and the American public understand, this is a very strong President who is very willing to take unpopular positions and provide leadership to the country. And so I really, although I can't say that at the time the thought crossed my mind that you have described, but with hindsight, I still contend that I believe that the President would have approved the decision at the time if I had asked him.

Mr. LIMAN. And in terms of your state of mind, because that is what I am interested in, at the time you made that decision, you believed that if you had told the President, he would have approved it.

Mr. POINDEXTER. Absolutely.

Mr. LIMAN. And were there any other instances during your tenure of National Security Adviser where you did not present a decision to the President but made it yourself in order to give him deniability?

[Witness conferring with counsel.]

Mr. POINDEXTER. I am sorry, would you repeat the question?

Mr. LIMAN. Were there any other examples during your term as National Security Adviser where you withheld a decision from the President that you had made in order to give him deniability?

Mr. POINDEXTER. Well, this again, this decision, in my view, was a matter of implementation, and there were many details of implementation that were not discussed with the President. This particular detail was the only one of its kind in terms of the disagreements and the controversy that existed over the issue.

Mr. LIMAN. But, admiral, you have said that you didn't withhold this because it was a detail, you said you withheld it because it was, you wanted to afford deniability. And my question really is: Did you ever withhold something from the President in order to give him deniability as opposed to in order to avoid burdening him with a detail? Is that question clear?

Mr. BECKLER. Mr. Chairman, I'm going to have to ask that if Mr. Liman is going to state the predicate for his question, state it correctly. Admiral Poindexter testified that this diversion was an implementation, it was like third country diversion. It was a detailed implementation. And he also testified the reason why he withheld it was because it was explosive politically, or words to that effect.

And I ask that be the basis for Mr. Liman's question, not Mr. Liman's assumption as to what he felt the reason was.

Thank you.

Mr. LIMAN. Were there any other decisions that you withheld from the President that you had made because they were politically explosive?

Mr. POINDEXTER. I don't recall anything else that fell in that same category, although there were lots of—I want to make a distinction here between what I felt my authority was and why I didn't discuss it with the President.

Number one, I felt that it was within my authority because it was an implementation of a policy that was well understood, that the President felt very strongly about; it was not a secret foreign policy; that the President's policy with regard to the Contras was clearly understood by every member of the Congress and the American people.

So it wasn't a matter of going out and making a secret foreign policy. The policy was clear. This was a—the way of going about, of carrying out that policy. So that was my thinking in terms that I felt that I had the authority to do it.

Now, the reason that—frankly, as Colonel North has testified, I thought it was a neat idea, too, and I'm sure the President would have enjoyed knowing about it. But, on the other hand, because it would be controversial—and I must say that I don't believe that I estimated how controversial it would be accurately—but I knew very well that it would be controversial, and I wanted the President to have some deniability so that he would be protected, and at the same time we would be able to carry out his policy and provide the opposition to the Sandinista Government.

Mr. LIMAN. Admiral, maybe I could refresh your recollection if I read to you from page 171 of your deposition.

Question——

Mr. BECKLER. Counselor, let me get that out, please.

171, you said, counselor?

Mr. LIMAN. Yes.

Mr. POINDEXTER. I have page 171.

Mr. LIMAN. "Question: Admiral, were there or are there any other occasions during your tenure as either the National Security Adviser or the deputy where you made a conscious decision to approve some activity but not report it to the President because it would create potential embarrassment for him?"

"Answer: I don't think there was anything else of this magnitude. This was clearly the biggest decision of this kind."

Do you remember giving that testimony?

Mr. BECKLER. Let's read the whole answer, please, counselor.

Excuse me. That's an objection to the chair.

Mr. LIMAN. "The President's span of control, of course, was much broader than mine. He had a limited amount of time of focus."

"Question: This would have taken 5 minutes to tell him, sir."

"Answer: The point I want to make, though, is—and I'm not trying to say that this was an insignificant decision. I was making judgment calls every day as to what to believe, as to what to brief, I think, the President on or not. This was certainly an out-of-the-ordinary kind of decision. But, you know, I was used to quickly evaluating the facts and making a decision as to whether to brief or not brief."

Mr. BECKLER. Continue to the end of the answer, I think, counsel——

Mr. LIMAN. "This one I felt confident that it was consistent with his policies, and I thought that and still feel that I had the authority to do it."

Now, admiral, was there any other case during your tenure as National Security Adviser or Deputy where you made a decision to approve some activity of this magnitude but not report it to the President because it would create potential embarrassment for him?

Mr. POINDEXTER. I think I've already answered the question, Mr. Liman.

Mr. LIMAN. Is the answer no?

Mr. POINDEXTER. The answer is, not of this magnitude.

Chairman HAMILTON. Counsel, a vote is pending now in the House. It is noon. Is this an appropriate time to recess?

Mr. LIMAN. Certainly.

Chairman HAMILTON. The joint hearings will stand in recess until 2:00.

[Whereupon, at 12:10 p.m. the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint committees will resume their hearings, and the chair recognizes the counsel, Mr. Liman.

Mr. LIMAN. Admiral, did the President ever ask you to withhold any information or facts from him in order to give him deniability?

Mr. POINDEXTER. No, he did not.

Mr. LIMAN. So that this was your decision some 6 weeks after you took the job?

Mr. BECKLER. I object to that characterization, some 6 weeks after he took the job. He worked there for 4½ years before he took the job.

Mr. LIMAN. I withdraw the question.

Chairman HAMILTON. These microphones are voice activated and it helps if you speak right into the microphone. We have had complaints that people are having difficulty hearing in this chamber. Mr. Liman, you may proceed.

Mr. LIMAN. Did you ever tell Colonel North that you were not going to tell the President?

Mr. POINDEXTER. I did not. That was a private decision of mine. I did not tell Colonel North one way or the other whether I would tell the President. I did give him broad general authority to carry out the plan in the same conversation in which he raised the issue.

Mr. LIMAN. Did you make any effort to lead him to believe that you were going to discuss this with the President?

[Counsel conferring with witness.]

Mr. POINDEXTER. I did not give him any reason to believe that because I didn't feel that was necessary. I was clearly his superior

and Colonel North, I think as you observed, is a very competent and capable staff officer, and he understood that and had no question, I don't think.

Mr. LIMAN. You have heard his testimony that up until mid-November he operated under the assumption that you had told the President.

Do you know what you said or did that gave him that assumption?

Mr. POINDEXTER. I think it was simply—again this is speculation on my part because I have not had a discussion with Colonel North on this subject, but just based on experience and my relationship with Colonel North over a period of several years, he would know that in general I briefed the President on most all aspects of all the projects that Colonel North was involved with.

So it would not be surprising to—it would not be surprising to him if I had discussed it with the President.

Mr. LIMAN. And indeed not telling the President was an aberration here?

Mr. POINDEXTER. It was unusual.

Mr. LIMAN. Could you give us a description of your relationship with Colonel North?

Mr. POINDEXTER. It was a very good one. My management philosophy, both in the positions I have had in the White House and in the Navy, I would call it command and leadership—but it has been the same, and that is that you pick the very best people that you can, you give them objectives and give them the broad authority that goes with that.

You require general reports. You keep the responsibility, and you don't micromanage what they are doing. You have trust and confidence in your people. And I think of all of the officers over the years that have worked for me, Colonel North is probably one of the most capable. And I thought very highly of him and I know much has been made in these hearings that he was only a lieutenant colonel in the Marine Corps, and I would like to clear up that particular point.

Military rank on the National Security Council doesn't really mean anything. We had a mixture of military officers, foreign service officers, detailees from the intelligence community and political appointees from academia, other walks of life, and the particular military rank that a person had really had little to do with their responsibilities.

It depended on the ability and the capability of the people involved. If it had not been for the fact that we wanted to provide a significant amount of cover for Colonel North and his activities, I would have recommended to the President that he be a Special Assistant to the President, which is the third level of rank in the White House.

As it was, he was Deputy Director of Political-Military Affairs. I thought very highly of him and I still do.

Mr. LIMAN. What do you mean by wanting to provide some cover for him?

Mr. POINDEXTER. We didn't want to call public attention to Colonel North, and that was the purpose of many of my PROF notes to him, which you have seen.

I wanted him to have a low public profile, and that is harder to do if you are a Special Assistant to the President.

Mr. LIMAN. So his title was deliberately kept down in order to give him more flexibility to do what he was doing?

Mr. POINDEXTER. That was my intent.

Mr. LIMAN. Did you ever discuss with the DCI, Mr. Casey, the diversion?

Mr. POINDEXTER. I did not.

Mr. LIMAN. Why not?

Mr. POINDEXTER. Because I wanted to keep the issue highly compartmented. As I said and have testified before this morning, to my knowledge, Colonel North and I were the only ones that knew about it.

Mr. Casey had to come up to the Hill to testify before the Intelligence Committees, and I did not want him to have to be evasive in answering questions on this particular area of how we were supporting the Contras.

It was obvious, I think, to all Members of Congress that the Contras were being supported, and I wanted to protect how they were being supported.

Mr. LIMAN. Did Colonel North ever tell you that he had discussed the diversion with Mr. Casey?

Mr. POINDEXTER. Not to my recollection. I was operating under the assumption that I have stated, that he and I were the only two in government—of course, I knew that General Secord obviously knew about it, but in government, to my knowledge, Colonel North and I were the only ones that knew about it.

Mr. LIMAN. You have seen, in the course of your examinations before today, the so-called diversion memo, exhibit 34.

Would you look at it, please.

Mr. POINDEXTER. I have it.

Mr. LIMAN. The colonel has testified that he wrote this at the beginning of April 1986.

Do you recall seeing this memorandum or a final version of it at or about that time?

Mr. POINDEXTER. I do not, Mr. Liman.

The first time that I recall seeing a memo like this was on Tuesday morning, the 25th of November 1986.

Mr. LIMAN. At the time you saw it, then, were you surprised to see a memorandum with a reference to the diversion?

Mr. POINDEXTER. Yes, I was.

Mr. LIMAN. Let me say for the record I am using the diversion as a shorthand and not for any legal characterization.

Mr. BECKLER. Thank you, Mr. Liman. I appreciate that. I want to make sure——

Mr. LIMAN. I would like the record to reflect that it is the first expression of appreciation that I have drawn in these hearings in 2 months.

Mr. BECKLER. Somebody has to help you out.

Thank you, Mr. Liman.

Mr. LIMAN. So you remember that when you saw it in November finally that you were surprised to see this?

Mr. POINDEXTER. Yes, I was.

In fact, most of the—I would say in the October-November timeframe, when it began to look like we were having some trouble here in keeping the secret nature of what we were doing secret, my recollection is that I was operating under the assumption there was very little, if anything, in writing on the plan to transfer the funds to the Contras.

Mr. LIMAN. Now, Ms. Hall testified publicly, as I am sure you are aware, that she recalled that she sent a draft of this memorandum to you and got it back with some corrections.

Does that refresh your recollection that you received this memorandum?

Mr. POINDEXTER. No, it doesn't. I heard her testify to that. I don't recall seeing this until November of 1986.

Mr. LIMAN. If you would look at exhibit 39——

Mr. BECKLER. Counselor, even I have to put my glasses on for this one.

Mr. LIMAN. I'm going to read it. There is a blowup, but I can read the language on this one.

It is a PROF note from Colonel North to Mr. McFarlane. In it he says, and I am quoting, "Per request of J.M.P."—you—"have prepared a paper for our boss which lays out arrangements."

Colonel North testified that that referred to this memorandum and that it was at your request that he prepared this paper, and that "the boss" referred to the President. Does that refresh your recollection, sir, as to questioning this memorandum from Colonel North?

[Witness conferring with counsel.]

Mr. POINDEXTER. Mr. Liman, I have obviously given this a lot of thought since you and I discussed this issue in earlier closed session. And what I would like to do now is to give you—and this is speculation on my part because I really don't have a memory of seeing this before—but putting together all the pieces, what I would speculate happened was that we were getting ready to send Mr. McFarlane off to Tehran. The Iranians had agreed for a meeting in Tehran, and I probably asked Colonel North to prepare a paper that I could use to discuss this with the President and get his approval, final approval, although we had discussed it informally up to that point, but to get his final approval on the trip and to get his approval on the terms of reference.

Now, one of the things that has always surprised me about this particular exhibit, on the morning of the 25th of November, when I first saw something similar to this, my recollection was that the terms of reference was not attached, and there was nothing in terms of a date on the document that would put it in the proper—put it in a timeframe.

I also don't recall in the approve/disapprove area of the memo that there be any reference to the President. That memo that I saw on the 25th of November, I would have put in my "out" basket in my office and my secretary would have taken it and put it in a file that I established the previous Friday on the various Iranian papers that I had on my desk. But what I speculate happened was that Colonel North probably prepared this memo at that time in response to my request. It probably came over to me.

I realized that I didn't want to discuss the transfer of funds issue with the President for the reasons I gave this morning, and I probably destroyed that memo at the time or at least disposed of it some way, pulled the terms of reference off and discussed the terms of reference with the President, the Secretary of State and other people on the NSC staff that were involved in drafting the terms of reference, because Colonel North was not the only one that was working on the strategic aspect of the Iranian initiative.

Mr. LIMAN. Admiral, I think I have told you this before, but I will represent it to you now, that the memorandum which we have just shown you was given to us as a copy of the memorandum in this form that the FBI found in that folder of papers that you had given to your secretary, which included materials that you were collecting in the end of November.

Mr. POINDEXTER. I understand that, Mr. Liman, and I can't explain it, but I'm just giving you my recollection as to the thoughts I had when I first saw the memo, to my recollection, on the 25th.

Mr. LIMAN. Now, did you have——

Mr. POINDEXTER. Excuse me, if I may, I must say that I didn't spend very long on the morning of the 25th studying the memo. I had other things to think about at the time. That was after I had met with the Attorney General.

Mr. LIMAN. Did you ever give any instructions to Colonel North with respect to whether he should write memos that referred to the diversion?

Mr. POINDEXTER. I don't recall specifically doing that. I do recall telling him when I took the decision the first time that I didn't want anybody else to know about it.

I don't recall telling him not to put it on paper, but Colonel North I think understood, or I thought he understood from earlier discussions with him, to limit the amount of paper that he prepared on his various operational activities.

Mr. LIMAN. Colonel North has testified that he actually wrote in addition to this memorandum some four others, five in total, that describe the various permutations in the transactions with the Iranians and that referred to the diversion, that these all had these references to recommending that you brief the President, and that he sent them to you. You are aware of that testimony?

Mr. POINDEXTER. I am aware of the testimony. He wrote several memoranda on the general subject of next steps in the Iranian project which I do recall seeing, and there are—I think you have many exhibits of those documents.

I do not recall any memo—in fact, I did not recall this one until November of this past year—that addresses the question of diversion.

Mr. BECKLER. Mr. Chairman, at this time I would request if the committee has more than just one copy, to give it to us, because I understand that there is obviously a discrepancy here between the one copy and the five copies. We would like to see if there are more.

We have always operated under the assumption that there was only one, at least from our earlier testimony May 2nd, and if there are others shown to us, the admiral will try to recollect and see what he can do with it.

Mr. LIMAN. Mr. Chairman, I regret that Colonel North testified that he shredded the others, and since we don't have any way of making whole papers out of confetti, and indeed don't have that confetti, we can't show them to you.

Mr. BECKLER. I wanted to make sure, because we have had some occasions in private depositions where there have been numerable copies of memos, it seems like there are all kinds of different copies of various documents made within 1 or 2 hours of each other, and it wasn't clear whether they were made in the same month or at the same time, and I wanted to make sure that there wasn't something out there that we didn't know about.

Mr. LIMAN. We have given you copies of all the versions of this memorandum that we have. The others were shredded, and, as you know, Colonel North testified that had he caught this one, he would have shredded this one, too.

Mr. BECKLER. When you say "all versions," there is just one version, one memo, is that correct?

Mr. LIMAN. One memo with a typographical change on a date on the first page.

Mr. BECKLER. So if there is one memo, then there are at least two versions.

Mr. LIMAN. Mr. Beckler, you know that of this memorandum, there is one that has the date on it of September 14 typed in. There are then two copies which have the "14" stricken out and made into a "13," and then there is a final one which was taken off of the disk on Fawn Hall's typewriter when she corrected the "14" to "13." That is all one memorandum with that typographical change. The other memos were shredded by Colonel North, according to his testimony.

Mr. BECKLER. Well, thank you, Mr. Liman. I just wanted to make it clear that there is more than one version. We do agree with Colonel North to the extent that there is more than one version of this one memo. We do not know of five different versions.

Mr. LIMAN. Five different memos.

Do you, admiral, dispute Colonel North's testimony that he sent you five different memos, referring to the diversion and recommending that you brief the President?

Mr. POINDEXTER. I would not characterize it that way.

I would say, as I have testified, that I do not remember any other memos.

Mr. LIMAN. Well, if you got one memo after another recommending that you brief the President, would it not have been your practice to say to Colonel North, stop sending me memos referring to the diversion and referring to the President?

Mr. BECKLER. Objection, Mr. Chairman. That is pure speculation. The admiral has testified he received only one memo. Now Mr. Liman has asked him what would he have done if he had received five. He only received one, only saw one.

Mr. LIMAN. Mr. Chairman, he has already given us speculation, when he wishes to. I think this is an appropriate question as to what his practice would have been.

Chairman HAMILTON. Counsel, your objection has been noted, but I think it is an appropriate question for counsel, and your objection is overruled.

Mr. BECKLER. Thank you, Mr. Chairman.

Mr. POINDEXTER. Mr. Liman, I obviously have looked at this memo quite a bit since it was provided to us by the committee staff, and I think it's important to note the structure and note very carefully, the recommendation on the last page—it's the last page of the memo, not the tab—but it says that the President approved the structure depicted above under current situation and the terms of reference.

Now, the paragraph about diversion is in a paragraph after the one labeled "current situation," which lays out the plan for the next steps. The paragraph on diversion is in the discussion paragraph.

And so even in this memo, if I got it at the time, which I don't recall, I very likely would have read it, talked to the President about the current situation, knew that I didn't want to talk to him about the transfer of funds because I had made a deliberate decision earlier not to do that, and of course Colonel North didn't know that, and I purposely wanted to keep that a little obscure because I firmly believe in very tight compartmentation of these issues.

Colonel North did not need to know that. I was his superior, I had the authority to tell him to do it. I told him to do it. He had no reason to question that.

Mr. LIMAN. Admiral, you say you acted in order to provide the President with deniability. How does it provide the President with deniability if the lieutenant colonel sent five separate memos referring to diversion and each saying brief the President?

Mr. POINDEXTER. Mr. Liman, as I've testified already, I do not recall any other memos. I frankly don't. To my knowledge, there weren't any other memos that addressed diversion.

There were memos that addressed other subjects, and I guess I don't know what more you want me to say.

Mr. LIMAN. Well, did you tell us at one of your earlier sessions that you had actually instructed Colonel North not to put anything in writing on this subject?

Mr. BECKLER. Can we have a reference to that?

Mr. LIMAN. To refresh your recollection, why don't you look at pages 182 and 183, the bottom of the page.

Mr. BECKLER. The bottom of?

Mr. LIMAN. 182.

Mr. COURTER. Mr. Chairman.

Mr. Chairman, I have an inquiry, a parliamentary inquiry here.

We don't have a copy of those depositions, and the only one I see is the one in one row in front of me, and it's stamped "top secret," at least that page is, and I'm wondering whether those depositions have been declassified or whether they are still classified.

Chairman HAMILTON. The classifications—the depositions have been—will be sent to the White House for declassification. They have not been. I don't think the topic that is now being pursued raises the question of material that would jeopardize the national interest in any way.

I appreciate the concern that the gentleman has expressed, and the chair is sensitive to that, and we will send these depositions down very promptly.

And I would caution counsel to be very careful in not using any material in the deposition that might violate any national security classifications.

Mr. LIMAN. I appreciate that, Mr. Chairman. I felt I had an obligation, if there was something to refresh the witness' recollection, to let him see it so there is not testimony given here that may be inadvertently inconsistent with testimony that he gave before.

And I think that Mr. Beckler understands that I have committed to him to make that effort.

Mr. POINDEXTER. Well, Mr. Liman——

Mr. LIMAN. The question was: Does it refresh your recollection, sir, you so instructed——

Mr. POINDEXTER. Yes, I see what I've said here, and I don't think it's inconsistent with what I've said here in this particular session.

I was often cautioning Colonel North about putting things in writing about his operational activities, especially with regard to the support for the Contras. I didn't want him talking to Director Casey about it—as I have told you why— or anybody else, for that matter.

And I very likely could have told him not to put anything in writing on the transfer of funds. I cannot recall specific conversations to firmly state that I told him that X number of times, but—and maybe I wasn't communicating with him. But I did not want anything in writing on it.

And, as I have told you, my assumption in October and November was that there wasn't anything in writing on the transfer.

Now, I felt there were things in writing on other aspects of his Contra support activity, but I could not recall this memo and didn't think there was anything else.

Mr. LIMAN. Can you recall a single occasion when you said to Colonel North, you have sent me a memo that says brief the President and it refers to Contra diversion money, stop writing things like that?

Mr. POINDEXTER. As I've testified, I don't recall getting any memos.

Now, it appears that I may have gotten this memo at the time that it was written, and I have given you my speculation as to what may have happened in trying to reconstruct many months ago activities that I was involved with.

Chairman HAMILTON. Admiral, may I interrupt you? Excuse me for interrupting you.

I'm informed that a vote is now taking place in the Senate and so Senators will be leaving.

You may proceed, sir.

Mr. LIMAN. Have you completed your answer? I'm sorry, you were consulting——

Mr. POINDEXTER. I think I did.

Mr. LIMAN. Now, you testified that when Colonel North first told you about this and sought your approval, in your own mind you viewed that you could characterize this as a private donation or as a contribution from a third country. Remember that?

Mr. POINDEXTER. Yes, that was my thinking at the time.

Mr. LIMAN. Now, if it were viewed as a contribution from a private donor, who would that donor have been?

Mr. POINDEXTER. It would have been General Secord.

Mr. LIMAN. Did you not regard General Secord as acting as the agent for the CIA in this transaction?

Mr. POINDEXTER. No, I didn't. When the January 17 Finding was drafted, we specifically provided the latitude to Director Casey, and he was the one to whom the Finding was directed. We provided the latitude to him that he could use private third parties.

Mr. LIMAN. Do you recall that in your memoranda you referred to the CIA—memorandum to the President on that referred to the fact that the CIA could, acting through agents, do this?

Mr. POINDEXTER. That was a loose construction of—for lack of a better word—a description of a private third party.

Mr. LIMAN. Now, admiral, if you viewed this as a contribution from a third country, it would have been from Iran.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. However you viewed it, is it a fact that you understood that the proceeds that were being used were generated by the sale of arms that came from the Department of Defense and then were transferred to the CIA?

Mr. POINDEXTER. Yes, I understood that.

Mr. LIMAN. And that they were arms that were being transferred pursuant to a Finding?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And that this indeed was an initiative that was being conducted pursuant to a Finding?

Mr. POINDEXTER. Yes.

Mr. LIMAN. And you understood that that Finding set forth the purposes of the covert activity, correct?

Mr. POINDEXTER. Yes. I was careful to make sure that we had all those in that Finding.

Mr. LIMAN. And the reason that you were careful is that covert activity in this country is conducted pursuant to Presidential authorizations. Is that fair to say?

Mr. POINDEXTER. This gets rather complex, Mr. Liman, because the term "covert activity" is loose terminology. I am not a lawyer, but I have, because of the position I had——

Mr. LIMAN. We have enough lawyers, so——

Mr. POINDEXTER. Because of the position I had as National Security Adviser and because of the importance of what we loosely called covert activity, I did spend some time studying the National Security Act and the Hughes-Ryan amendment to that act, and my recollection is that nowhere in those statutes, or any place else, is the term "covert activity" used or defined. The Hughes-Ryan Act or amendment to the National Security Act of 1947, which came about as a result of the Church-Pike Committee's activity in the 1970s, addresses activities that are conducted by the intelligence community that are not intelligence collection or analysis, are defined as special activities, and the requirement is that the President must authorize special activities defined in the way that I have defined them and that he has to make a determination prior to approving the special activities that they are in the national interest of the United States.

Now, the mechanism that this administration chose to use to document those determinations is a Finding, a piece of paper that the President signs.

Mr. LIMAN. Admiral, is it a fact, sir, that the Finding on Iran did not authorize the use of any of the proceeds for support of the Contras?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And is it also a fact that whatever Findings existed with respect to support for the Nicaraguan Resistance did not authorize the use of the proceeds of the sale of Iranian arms to assist the Contras?

Mr. POINDEXTER. That is correct. But you are—well, that is correct.

Mr. LIMAN. And Colonel North said that when the idea of the diversion was first suggested to him, he was becoming disillusioned with the Iranian initiative, and that the notion of a use of the proceeds for the Contras was one of the inducements that he saw in the continuing the venture. Did he ever tell you that?

Mr. POINDEXTER. I frankly don't recall that being a big part of the issue. The President, from the earliest discussions to which I—in which I took part, which would have been, by my recollection, the 7th of December, 1985—the President never viewed this as arms for hostage. Now——

Mr. LIMAN. But he never viewed it as arms for support for the Contras either. That is the point that I am trying to get at.

Mr. POINDEXTER. The point is that regardless of what Colonel North felt about the project and his, as he has described it, distaste for arms for hostage, the President never viewed it that way. He felt that, our intelligence indicated that the hostages were being held by various factions of the Hizballah in Lebanon. We knew the Iranians had some influence over them. We never felt that they had total control over them, and the President never viewed it as the arms that we were considering selling to Iran as going to the captors that held the hostages. So in the President's mind, he did not view it ever as arms for hostages.

And so whether Colonel North was—his feelings about that issue would not have been particularly persuasive, in my view, at the time.

Mr. LIMAN. Did you see as one of the benefits of the Iranian arms sale that money would be generated for the Contras?

Mr. POINDEXTER. No, that did not play a single part in my mind or the President's mind in deciding to go ahead with the Iranian project.

Mr. LIMAN. Was there any Finding that you were aware of that authorized you to divert the proceeds of this arms sale to support the Contras?

Mr. POINDEXTER. As I——

Mr. BECKLER. Mr. Chairman, I am going to keep track here. I think that is about the third or fourth time we have asked, asked and answered that question. I guess we can go up to about ten, maybe 15 times, but I understood the reason why we had those private depositions was so that we could move right along here in the public hearing, and I am going to ask that that request be honored. Thank you.

Mr. LIMAN. I would think that could be answered yes or no.

Mr. BECKLER. And it has been answered yes or no.

Mr. LIMAN. Was there any such Finding?

Mr. POINDEXTER. There was no such Finding. In my view, none was required.

Mr. LIMAN. You testified that you have had many many conversations with the President of the United States.

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. And you knew him to be a person of good humor?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Was there ever a moment when you were tempted to tell him about the fact that the Ayatollah, instead of supporting the Sandinistas, was giving money for the Contras?

Mr. POINDEXTER. Yes, Mr. Liman, there was. There was one point that I was very sorely tempted to tell him, but I didn't. And, as I recall, we were aboard Air Force One on the way back from the Economic Summit in Tokyo, and in fact I think you have an exhibit that was prepared about that time that is pertinent here. And the President had just finished reading a book by a man named Netanyahu, who is presently the Israeli Ambassador to the United Nations. Ambassador Netanyahu's brother was the Israeli who led the raid on Entebbe and was killed in that raid, and the Netanyahu family has set up an institute, the Jonathan Institute, to study ways of combatting terrorism, and Ambassador Netanyahu has written a book on combatting terrorism, and the President had been reading that book during the trip over to the Economic Summit, and he finished it on the way back, and he had a discussion with me on the airplane—this would have been in May, the middle of May 1986—and we had received via facsimile from the White House Office a paper that laid out the status of our legislative plans for getting the 100 million, and one of the options in the paper was that if we were unable to get the 100 million, to pull out, drop our support of the Contras.

And I had discussed that with the President, and he had been very adamant at the time. He says, "Look, I don't want to pull out our support for the Contras for any reason. This would be an unacceptable option, isn't there something that I could do unilaterally?"

And by that, I took it to mean he could do on his own that didn't require congressional approval. And I was sorely tempted at that point to tell him what we had working, but I thought better of it and did not.

Mr. LIMAN. And that was because you realized this would be so controversial?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. So that, again, it is, the more controversial the issue, the less the President was to be told?

Mr. BECKLER. I am going to object.

Mr. LIMAN. I will proceed with the next question.

Mr. BECKLER. I would like to have that stricken. That is another bit of Arthur Liman bringing his conclusions to bear. His job is to give questions that elicit facts. We have never—my client has never testified that he does not bring things that are controversial forward to the President.

He has never said that. He has said over and over that the diversion or transfer was a detail implementing a policy. He did not—and he has also said, yes, it was politically controversial, but to imply that nothing controversial is brought to the President of the United States by Admiral Poindexter is just an unfair distortion of the record that Mr. Liman well knows was developed over 4 days and here today.

I would like to have at least one objection possibly sustained sometime. Brendan Sullivan didn't get one. I would like to get at least one.

Thanks.

Chairman HAMILTON. I hesitate to tell you to keep trying, counsel, because it will make my life a little more difficult up here, but in this case I think there is no question pending.

Counsel will proceed.

Mr. COURTER. Mr. Chairman, I am loathe to jump in here, but I can't hesitate. My concern is that Attorney Liman is here to ask legitimate, probing, difficult questions, and we understand that, and he is capable of doing it. But my concern is that he is asking questions that he knows are improper.

When an objection is made, he simply withdraws the question. I don't think that is fair.

Chairman HAMILTON. It is the impression of the chair that Counsel Liman has done very well in asking questions demanding a factual response. I think it is impossible for any member, and it is impossible for any counsel, to so phrase questions that they do not show some bias from time to time or some personal opinion, and the chair does not view that as a very great transgression.

So let's proceed, counsel.

Mr. LIMAN. Now, as I understand your testimony, you genuinely believed that in approving the diversion, that it was consistent with the policies of the President in terms of third country support. You have already testified to that, and I would like to ask you some questions about that.

Is it a fact that the administration had gone to Congress in 1985 and gotten permission from Congress to solicit third-country support?

Mr. POINDEXTER. Yes. We worked with Members of Congress to get that provision.

Mr. LIMAN. And is it a fact that that provision for obtaining third-country support was limited to humanitarian aid?

Mr. POINDEXTER. Since leaving the White House and going back over this material, that is correct. I can't say that during the discussions that I can recall in the White House there was great distinction made between humanitarian aid or any other kind of aid at that particular time. There was with respect to the 27 million. I simply don't recall great distinctions being made.

Mr. LIMAN. Are you saying that when Congress worked out the legislation with the administration that authorized solicitation for humanitarian aid, the administration interpreted that as meaning it could solicit the lethal aid?

Mr. POINDEXTER. No. I am not saying that at all. I am just giving you my recollection at the time.

Mr. LIMAN. And you also understood that that bill provided that it was only the State Department that could do the solicitation. Do you recall that, sir?

Mr. POINDEXTER. Yes, I recall that.

Mr. LIMAN. Now, was the money that you were getting from the Ayatollah, or Secord, however you viewed it, was that money to be limited to being disbursed for humanitarian aid?

Mr. POINDEXTER. In no way. You see, the distinction here is that—and this is contrary to what you have heard before from other witnesses, but I never believed, and I don't believe today, that the Boland Amendment ever applied to the National Security Council staff or the President's personal staff. But the problem was that the Boland Amendment did apply to the State Department, it did apply to CIA, and it did apply to the Defense Department.

We had been running this operation on our own for a long period of time because there was no other alternative in order to keep the Contras alive. And we wanted help, we wanted also a more public recognition of the fact that the United States was supporting the Contras in some way.

I, frankly, I personally still wanted that to be done, the public support to be done in such a way that we could slowly turn back to a covert program run by the CIA, but it was important to me and to others that we get the State Department back into the game.

Mr. LIMAN. I understand you.

Did you ever discuss with the President of the United States that the NSC was raising money for lethal aid?

Mr. POINDEXTER. Mr. Liman, are you—if I may ask, to clarify the question, are you saying that raising money is soliciting money?

Mr. LIMAN. I don't want to get into a semantic debate about solicitation when every day in the newspapers and financial sections they have announcements of offerings and they say this is not a solicitation, so please do not get me into that semantic debate.

Let's talk about raising money, obtaining money for lethal aid, that the NSC was obtaining money for lethal aid.

Mr. POINDEXTER. The President was aware that we were encouraging—I guess would be a fair way to describe it—third countries to contribute to the cause of the Contras in Central America in their fight against the Communist Sandinistas, and, of course, we were doing that primarily by pointing out to them the dangers that we saw, and, as Colonel North has testified, it wasn't very difficult.

They clearly understand the problem. The Central American countries understood—the neighboring countries, the other countries that are on your list that I have heard you talk about up here——

Mr. LIMAN. Two and three.

Mr. POINDEXTER. I think I know which one two is—but those countries were readily willing to help and this might be a good point, if I may, to point out—there has been a lot of talk about quid pro quos when you talk to third countries about supporting a cause that is important to the United States and what do they get in return.

I would like to tell you a—or describe a meeting I had with a senior representative of one of those foreign governments, not specifically related to this issue of the Contras, but related generally

to the support that they wanted to provide to the President and to the United States.

This is a country that doesn't need any money from us, that is very strong in its own right, but as related to me, the leader of that country had told his representative that he felt that it was very important for the security of the free world, not just the United States, that the President of the United States and the United States be seen as strong.

That was to their benefit in this competition we have between the East and the West, between the United States and the Soviet Union.

It is important to their long-term security as they see it that the President be strong and if that meant supporting the policies that he thought were important, they were readily willing to do that.

Mr. LIMAN. Admiral, the reason that you were using the funds from the Iranian arms sale was that there were not enough other countries that saw things the way you have just described; is that fair?

[Counsel conferring with witness.]

Mr. POINDEXTER. No, I don't think that is fair, Mr. Liman.

The point is that most of the countries around the world are in economic difficulty. They don't have the luxury of being able to provide that kind of financial support.

There is a lot of moral support out there, there is a lot of support in terms of service in kind, but there aren't many countries that have an economy that allows them to be so generous.

Mr. LIMAN. Let me rephrase it—you did not have enough money, dollars, from third countries, to support the Contras; is that correct?

Mr. POINDEXTER. That is correct at that time. There were other reasons that we didn't want to go back right at that time.

Mr. LIMAN. And this money that was coming out of the Iranian arms sale was therefore important in order to keep the Contras going, correct?

Mr. POINDEXTER. I thought that it was very important.

Mr. LIMAN. And you thought that within the general charge that the President gave to you with respect to the Contras, you could do what you did on the Iranian arms money without going back to him; correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. What was the general charge that the President of the United States gave to you?

Mr. POINDEXTER. He wanted to be sure that the Contras were supported. I don't recall the description "body and soul," but that in essence in my view was what he wanted. He wanted to encourage private contributions, to get what support we could from third countries, and you know, the details—I think the President understood, from discussions I had with him, the limitations that were placed on the State Department, the Defense Department, and the CIA.

He knew that Colonel North was the chief staff officer on Central America because of Colonel North's attendance at various meetings in which these issues, the general issues of Central America were discussed.

But I did not get into the level of detail with him as to exactly how Colonel North was carrying out his charter to keep the Contras alive.

I generally knew those details, but frankly, I didn't think those details were important to the President. The only thing that was important to him was that they were staying alive.

Mr. LIMAN. The Iranian initiative was important to the President?

Mr. POINDEXTER. Yes, it was.

Mr. LIMAN. Do you recall that there came a time when you were told by the Director of Central Intelligence that the Iranians were complaining about being overcharged and that some of the financiers of the transaction were threatening to go public?

Mr. POINDEXTER. Yes. That would have been in October, as I recall, of 1986.

Mr. LIMAN. And the Director of Central Intelligence, Mr. Casey, showed you a memo then which revealed that Mr. Ghorbanifar or his financiers were saying that their money went down to Central America—remember that?

Mr. POINDEXTER. The memo contained in one or two sentences as I recall that speculation.

As it happens, I did not discuss that particular aspect of the memo with Director Casey at that time. I read it and I recognized that he had seen it.

It was pure speculation and I didn't really comment on that particular speculation one way or the other.

Mr. LIMAN. You consciously avoided discussing that?

Mr. POINDEXTER. I did.

Mr. LIMAN. And he did not discuss it?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. But you realized when you read that that the financiers or Mr. Ghorbanifar were threatening to blow this whole initiative?

Mr. POINDEXTER. Well, it was bothersome. I can't say that at that point I was overly concerned about it, because I was generally aware that all arms transactions like this get very complex, and there could be all sorts of allegations with very little proof.

Mr. LIMAN. In this case it turned out to be true that money was being sent to Central America, correct?

Mr. POINDEXTER. Yes. It is not clear in my mind that the exact connection that Furmark or his colleagues had made was accurate. I still don't know that.

Mr. LIMAN. You said this was bothersome. Was this bothersome enough for you to bring to the attention of the President of the United States then in October of 1986, that the Iranian venture might be blown by Ghorbanifar charging that the money was being used for the Contras?

Mr. POINDEXTER. I was not that concerned about it based on the particular report that Director Casey had. I might put this in context, that we were very busy during the month of October 1986 with the preparations for the Reykjavik summit going up to Reykjavik and the closing days of the campaign.

Mr. LIMAN. You would agree with me that no matter how slowly anyone would speak on this subject that it wouldn't take more

than a few minutes to tell the President of the United States that some money had been used for the Contras and that there was a threat to expose it?

Mr. POINDEXTER. What I am saying is that I had a lot of things on my mind and my recollection of that timeframe is that I frankly did not put a great deal of emphasis on the memo that Director Casey had shown me.

I was thinking about his recommendation, which we were still thinking about after the election, and that was developing a damage control plan if indeed it did leak out, but we were overtaken by events and one of the regrets that I have from the Iranian project is that we did not develop an adequate damage control plan.

Mr. LIMAN. Was one of the reasons that you chose not to brief the President about it at that time because you were still trying to protect him by keeping this knowledge from him?

Mr. POINDEXTER. I frankly, Mr. Liman, don't recall, you know, thinking about it in those terms.

Mr. LIMAN. And was one of the reasons that you didn't discuss it with Mr. Casey at that time was that it was just the type of topic that was best not discussed?

Mr. POINDEXTER. Well, there were two reasons—well, maybe there were at least three reasons why I didn't discuss it with him.

One, there was somebody else in the room. It was not a one-on-one meeting.

Number two, I was very pressed for time. I was late for another meeting and just didn't want to get into it.

And three, I wanted to think about and evaluate how much Director Casey might or might not know about this without raising it blindly.

Mr. LIMAN. Did Mr. Casey recommend that you speak to Mr. Wallison about it?

Mr. POINDEXTER. I don't recall that.

Mr. LIMAN. Did you ever recall him recommending that you speak to Mr. Wallison about it?

Mr. POINDEXTER. I don't think so. I am not even sure Mr. Casey knew who Mr. Wallison was.

Mr. LIMAN. He was counsel to the President.

Mr. POINDEXTER. I know that, but I don't known whether Director Casey knew that.

Mr. LIMAN. Do you remember Mr. Casey or Mr. Gates suggesting that you speak to the President's counsel about it?

Mr. POINDEXTER. I don't remember Mr. Wallison's name coming up in that discussion.

Mr. LIMAN. Colonel North testified that in addition to the use of the proceeds of the Iranian arms sale for the Contras, it was to be used for a series of other covert projects.

Do you remember that testimony of his?

Mr. POINDEXTER. I heard that testimony.

Mr. LIMAN. Was that the first time you ever heard about that?

Mr. POINDEXTER. It is the first time that I have heard it discussed in that depth. I must say there was, as far as I was concerned, no such plan.

I don't at all doubt that Colonel North and Director Casey may have discussed that. Frankly, it is an idea that has some attractive features, in my mind, but there was no plan that was brought to me or that I took to the President to proceed in that kind of direction. That would have required substantial discussion.

Mr. LIMAN. So that the—that Colonel North's testimony that he briefed you on the use of the proceeds for other covert operations is just mistaken?

Mr. POINDEXTER. Well, I recall in the meeting—I think I recall, and again, you know, trying to remember these things but listening to all the testimony, I do believe that in the two January meetings with Nir there was discussion about financing the 508 TOWs, because, as I have testified, I think that may have been the first time that I realized that they really expected us to pay for them.

Mr. LIMAN. He was talking about something other than that?

Mr. POINDEXTER. No, I understand, but let me finish.

There also was a very brief, general discussion about some other cooperative activities, which I could discuss in closed session. I'm not at all sure what you discussed up here in the closed session last——

Mr. LIMAN. I don't want you to mention it here. But did Colonel North ever tell you that any covert operations other than the Contra operation and the ship were to be paid for out of the Iranian arms sales?

[Counsel conferring with witness.]

Mr. POINDEXTER. Mr. Liman, as I have testified, there wasn't any plan and I don't recall——

Mr. LIMAN. That was not the question.

Mr. BECKLER. I object to you saying that is not the question. There was an implication in the question.

I'm sorry, Mr. Chairman gets the objection—excuse me. There are some implications out there, Mr. Liman, and I think the admiral ought to be able to answer them without you interspersing "that is not the question." We get a little leeway on this end, too, right?

Chairman HAMILTON. Admiral, proceed with your response.

Mr. POINDEXTER. I do not recall knowing of any other specific plan that the funds from what General Secord has described as the Enterprise were to be used.

There were, as I said, discussions about the possibility, and these were very preliminary discussions that frankly didn't get any place because we were just too pressed on other issues. But there were some discussions about the feasibility of doing some other things, and I don't know all the details of Colonel North's discussions with Director Casey and I haven't talked to Colonel North about this issue since it has come up, so I'm not quite sure, without knowing what he said, if I'm even recalling the same thing.

Mr. LIMAN. Admiral, did he ever talk to you about off-the-shelf operations, full-service covert organizations, self-sustaining covert operations?

Mr. POINDEXTER. Not in those terms.

Mr. LIMAN. And you said that the idea might be one that you would find attractive. I think that we ought to get an explanation of why you would find it attractive to have covert operations

funded out of the residuals of the Iranian arms sale rather than through the normal appropriations processes of the CIA.

Mr. POINDEXTER. Well, because I can't recall a thorough discussion with Colonel North about this concept that he and Director Casey were obviously musing about, based on his testimony. I'm not quite sure the—what the ramifications of what he was suggesting up here in his testimony.

But my point, the reason I said that something like that might be attractive, it gets into a broader issue that I'm obviously willing to discuss at this point, my views on covert activities and how they ought to be conducted. But there are some significant problems with our present arrangement with the CIA in conducting covert activities. There are some reasons for that I could get into. I'm not sure you want to do it now.

Mr. LIMAN. I think that there is probably nothing more important for me to do for the committee than to ask you to direct those remarks to the use of a nonappropriated funds generated by an initiative that is conducted pursuant to a Finding that deals with one subject, and why you would have found it attractive to use those funds, not appropriated by Congress, not the subject of the Finding signed by the President—if that is what you are saying, why you would have found it attractive to use those for some other covert organizations.

If I misunderstood you, please correct that.

Mr. POINDEXTER. You misunderstood me, and I obviously didn't articulate very well what I meant.

I am not suggesting that I find attractive establishing such an organization without the President's approval or without a Finding or even without talking to Congress about it in some fashion. What I am saying is that the present mechanism where you have two large Intelligence Committees of the Congress with very large staffs and you've got two Appropriations Committees that also want to know about covert activities when appropriated funds are involved, you have a very difficult situation.

At the CIA there is frankly, in my view, there is concern about conducting operational activities with some of the employees there. There is to some extent some friction between the operations side of the Agency and the intelligence side of the Agency, because covert actions tend to be controversial, even when they are briefed to Congress, which, in my view, is what causes the leaks.

There is concern when covert actions fail. The risk of failure is high in many of these operations and the result of failure, as demonstrated by these hearings, is too high a price to pay for many of the fine bureaucrats, and I don't mean that in a pejorative sense, but that is a very high price to pay for career government servants, so they often are not anxious to support or recommend or conduct covert activities in a truly covert way.

And I'm saying that a private organization, properly approved, using nonappropriated funds in an approved sort of way, may be a solution to the problem. That is all I meant.

Mr. LIMAN. Did you ever discuss that concept with the President?

Mr. POINDEXTER. I did not.

Mr. LIMAN. Did the President ever say anything that encouraged you to believe that he would favor that type of operation?

Mr. POINDEXTER. Only in the very broadest sense, in that he often talked about how he thought that the Lafayette Escadrille, the Lincoln Brigade were good examples of private support for causes that people of the United States believed in. That is a very——

Mr. LIMAN. Did you ever say anything to Colonel North that you can recall that would have led him to believe that you would approve the creation of a private organization to do covert operations for the United States with unappropriated funds?

Mr. POINDEXTER. As I recall, in the early days of the administration, maybe as early as the second or third year, there were some informal discussions internally on the NSC staff about some of the problems that we saw in conducting covert activity, and I don't recall at the time that there was any thought of nonappropriated funds, but there was thought that maybe—in fact, I can recall a conversation, maybe not with Chairman Hamilton, but I think maybe Chairman Durenberger on the question of maybe we ought to move covert activity entirely out of the CIA. So I can recall those kinds of discussions, but nothing as specific as Colonel North——

Mr. LIMAN. Out of the CIA and out of the government itself?

Mr. POINDEXTER. In effect, it would not be out of the government, but it would have that appearance.

Mr. LIMAN. Now, do you recall, sir, the matter of what came to be called in some of these exhibits Ollie's ship?

Mr. POINDEXTER. I'm sorry, sir. I wasn't listening to the first part of your question.

Mr. LIMAN. Did you ever refer to or did others at the NSC refer to the *Erria* as Ollie's ship?

Let me try it differently. Did you know that out of the funds of the Iranian venture a ship had been purchased?

Mr. POINDEXTER. I think you have an exhibit on this subject. It is a PROF note from me to Colonel North, in which I expressed some surprise that he is talking about this ship with other people.

Mr. LIMAN. Let me read the PROF note and maybe we will know what we are talking about.

Mr. BECKLER. What is the exhibit, Mr. Liman?

Mr. LIMAN. It is exhibit 46.

Admiral, this is a PROF note from you to the Colonel. Its subject is "Be cautious." It reads: "In a memo from Ken to me today"—who was Ken?

Mr. POINDEXTER. That is Mr. DeGraffenreid, Special Assistant to the President for Intelligence Affairs.

Mr. LIMAN.

> . . . he talks about your offering a Danish ship under your control to CIA for broadcasting into an unfriendly country. I'm afraid you are letting your operational role become too public. From now on, I don't want you to talk to anyone else, including Casey, except me about any of your operational roles. In fact, you need to quietly generate a cover story that I have insisted that you stop. Be cautious.

Now, first, that is a memo you sent, correct?

Mr. POINDEXTER. It is.

Mr. LIMAN. Second, did you know that the ship had been paid for out of what has been called the Enterprise or funds from the Iranian arms sales?

Mr. POINDEXTER. Let me tell you my assumption when I heard about the ship. I assumed it was a ship that General Secord had obtained in connection with the arms shipments that he was overseeing to the Contras. I did not, to the best of my recollection, recall or know at the time that this was a ship that was procured specifically for this purpose.

I think it is important to point out here, and I don't think it has come out clear in the hearings, there was a separate Presidential Finding which I can't swear to, but I'm confident was briefed to the appropriate congressional committees. The question was in carrying out, as Colonel North had stated, the Defense Department was unable to come up with a platform for various reasons that we could get into in closed session, and so I thought this was a situation where Colonel North was, say, offering to divert—divert a ship that was involved in the logistics support of the Contras to this other objective.

Mr. LIMAN. When you said "under your control," you understood this was a ship that even if it was paid for by Secord, was under North's control?

Mr. POINDEXTER. I did not mean it that way.

Mr. LIMAN. Just a poor choice of words?

Mr. POINDEXTER. Just a poor choice of words. In other words, as I have testified in closed session already, I viewed Colonel North as the switching point in the process of supporting the Contras.

Now, Colonel North is very capable, I can assure you, but he obviously couldn't do everything by himself, and I knew that General Secord had a larger logistics operation. And so when I say "your," it is a combination of Colonel North, General Secord. I really—I guess I did not believe that Colonel North was actually providing sailing schedules for ships.

Mr. LIMAN. Let me just then see if we can sum this up.

As I understand your testimony, you did not think of this ship as having been paid for by the Iranian arms sales money?

Mr. POINDEXTER. No, I didn't say that, Mr. Liman. I think I probably thought that. I didn't think that it was procured for a purpose other than support of the Contras.

Mr. LIMAN. Did you ever discuss with the President of the United States that Colonel North had under his control a ship that had been paid for out of the proceeds of the Iranian arms sale?

Mr. POINDEXTER. I did not.

Mr. LIMAN. When you said here that Colonel North shouldn't even discuss his operational role with Director Casey, that wasn't because you thought that Casey was loose-tongued, was it?

Mr. POINDEXTER. No, same reason that I gave before.

Mr. LIMAN. Because you might have to go before Congress?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And so that the only two people who should know about this ship and the government would be you and Colonel North?

Mr. POINDEXTER. Well, the thing that I wanted to protect was detailed knowledge about Colonel North's role in supporting the Con-

tras. You see, I think it's important here to understand, I mean there were at least two reasons why I was concerned about that, and none of them are connected with the Boland Amendment applying or not applying. One is that I didn't want to get more restrictive legislation. I felt that with the present legislation that we were not covered, that if it had been intended to cover the NSC, it would have said that, or if we were going to cut off all support to the Contras, it would have said it. It didn't say that.

Now, it was very likely if it became obvious what we were doing that Members of Congress would have maybe tightened it up. I didn't want that to happen.

Also, I wanted to return to a more covert activity. Originally the Nicaraguan program started off as a covert activity, we had a lot of leaks for a lot of different reasons. It came out in the open. It gave us immense problems in the area because many of the surrounding countries down there aren't strong enough, and they didn't like the idea of public exposure, and it created all sorts of difficulties. Managing the $27 million humanitarian aid was very difficult because it was so open.

And, again, my philosophy was the way you keep a secret is you don't tell anybody. These things, though, again I would like to emphasize, are consistent with the policy. We weren't making new policy.

Mr. LIMAN. Did you ever discuss with the President that you wanted to keep North's role secret and what he was doing to support the Contras in order to avoid more restrictive legislation?

Mr. POINDEXTER. I don't think I ever said that.

Mr. LIMAN. Is it—apart from more restrictive legislation in this period, 1986 and earlier in 1985—you were going to Congress—by you I mean the administration and the NSC—asking Congress to loosen up Boland?

Mr. POINDEXTER. Absolutely.

Mr. LIMAN. And is it a fact that you were going to Congress, and you asked Congress for the humanitarian aid and the $100 million, and to loosen restrictions on intelligence sharing?

Mr. POINDEXTER. Yes, that is correct.

Mr. LIMAN. And were you concerned that if you told Congress the truth of what the NSC was doing that Congress would not give you the legislation that you were asking for?

[Witness conferring with counsel.]

Mr. POINDEXTER. The problem, as I have stated, I didn't want Congress to know the details of how we were implementing the President's policy, and I frankly think that there were many members up here that had a general idea, but if it didn't become an open topic of discussion between us, I think it was recognized that that possibility existed.

On the other hand, we had great difficulty, and this whole operation was being operated on what I thought was a shoe string, and we needed substantially larger sums of money in order to do what I thought was necessary.

Now, in the early days of the earlier versions of the Boland Amendment, I numerous times recommended that we not agree to these compromises, and finally in 1986, when I took over, I got everybody to agree we wouldn't compromise, and we got the $100 mil-

lion. I wish we had done that earlier. I think it was a mistake that we compromised earlier.

Mr. LIMAN. But the man we elected to the highest office in this country made the decision the other way before, correct?

Mr. POINDEXTER. That is correct. But I think we gave him bad advice.

Mr. LIMAN. And are you saying that because you believe that you gave him bad advice that you felt that you had to conceal what you were doing at the NSC?

Mr. BECKLER. Objection, Mr. Chairman. This ought to be—this is another conclusion by Mr. Liman.

Mr. LIMAN. It is a question.

Mr. BECKLER. It sounds like a question, but it is a conclusion.

I would ask that Mr. Liman ask him a question and get an answer. Now, that is a conclusory statement by Mr. Liman. Representative Courter alluded to it before. There is a way to ask a question and make a point, but that's not counsel's job. My understanding from the outset, and why I advised my client to cooperate in previous depositions, was because I thought we were going to be asked facts, factual questions, and get factual answers.

Chairman HAMILTON. Counsel, I understand, of course, that in a court of law a question expressing a conclusion might not be appropriate, but I think in a congressional investigation it's perfectly all right. And if the witness does not agree with the conclusion or finds it objectionable in some way, the witness may so state and make it clear to all of us his objection to the conclusion.

So, counsel, you may proceed.

Mr. MCCOLLUM. Mr. Chairman, before you do, I would like to make a point on that.

I think it goes beyond the question of the framing of it; it goes to what I was concerned about during the time that we were talking to Colonel North when Mr. Liman was framing his questions in that he is the counsel for our committee.

He speaks, and when he asks questions as though he is the voice for the whole committee and if he frames his questions in a way that forms a conclusion, he may be indicating he is representing my view or another member's view and indeed that's not always the case, and that's the reason why I had been expressing concern before.

I haven't often thought that today, but there have been occasions, this being one, where that is a concern of mine.

Chairman HAMILTON. Well, I appreciate the concern of the gentleman from Florida. The counsel, of course, as you know, is not the counsel for the House Select Committee. He is the counsel for the Senate.

We will have other counsel, including minority counsel, have an opportunity to question.

Mr. BROOKS. Mr. Chairman.

Chairman HAMILTON. Mr. Brooks.

Mr. BROOKS. Will the gentleman yield for one moment?

I wanted to ask if you might suggest to our counsel that he might inquire of the head of the National Security Council which members of Congress knew about this all the time, because if they

are on this committee they ought to be disqualified or else ought to be on the other side of the bench.

Mr. BECKLER. Can you give us some time to do that?

Mr. BROOKS. I had you before.

Mr. BECKLER. Representative Brooks, I know you had me before. I'm waiting to get you.

Thank you. I'm joking. I think you are, too.

Chairman HAMILTON. Counsel Liman, do you have a question pending?

Mr. LIMAN. I couldn't remember mine, but I do remember Chairman Brooks'.

Chairman HAMILTON. The committee will——

Mr. Cheney.

Mr. CHENEY. Mr. Chairman, I would like to take this opportunity, if I might, to recognize a special guest who is here with us today, Mr. David Jacobsen, who many Americans will remember as an American citizen, who was held hostage in Beirut for 522 days and was released partly through the activities under review by the committee.

He is here at the request of the committee to assist us in our inquiries, and on behalf of the committee I would like to thank him for his efforts.

Chairman HAMILTON. Thank you for bringing that to my attention.

We are happy to have you, Mr. Jacobsen, in our audience today.

The committees will take a 10-minute recess at this time.

[Recess.]

Chairman HAMILTON. Counsel, would you suspend just a moment. The committees will resume sitting.

The Chair wants to announce that it's the intent of the chair to proceed until noon tomorrow, and we will not have an afternoon session tomorrow because of the Philadelphia trip for many Members of Congress.

We will go this afternoon until 5:00 or a little thereafter, begin at 9:00 tomorrow morning, we will go until noon and then we will recess until 9:00 on Friday.

Counsel, you may proceed.

Mr. LIMAN. Admiral, you have a book there of classified exhibits, and it is JMP-E. I would ask that you look at that, and it's my understanding the cameras are not——

Mr. BECKLER. JMP-E as in "echo"?

Mr. LIMAN. Yes.

The cameras are not to focus on that.

Before you start reading it, so you will read it with some context in mind, my understanding of Colonel North's testimony is that he said that the project that's referred to there, and that's referred to in particular in the third page where it refers to a phase 1, is one that was to be paid for out of the proceeds of the Iranian arms sale.

As you look at it, my question——

Mr. CHENEY. Mr. Liman, excuse me a second. I'm not clear which document it is we are working off of at this point.

Mr. LIMAN. It is the document that is marked in your exhibit book as exhibit 58, the declassified version, and I'm asking him to look at the classified version so that he will see it.

And the question that I'm going to put is whether you knew, whether you were told by Colonel North or otherwise knew that the funds for this project were to come out of the Iranian arms sale and, if so, whether you briefed the President on that.

Mr. BECKLER. Counsel, when you say "this project," you directed us to a particular section of this exhibit. Which section was that?

Mr. LIMAN. It's referred to on the page with the Bates stamp N2929, where it has a heading, which is "Proposed Concept" and then "Phase 1."

Mr. BECKLER. So the question is whether the projects referred to in phase 1——

Mr. LIMAN. He can look at it and he'll see.

It's a memo from Oliver North to him that requests that he brief the President on the initiatives outlined at tab 3.

This is tab 3.

Mr. POINDEXTER. I have not seen this unredacted version for a good period of time so it will take me just a second here.

Mr. LIMAN. Admiral, when you come to that page, if you look under phase 1, the fourth paragraph there, you will see a reference to funds.

Mr. POINDEXTER. OK. I have read it now.

Mr. LIMAN. The first question is, did you know that the funds for this project were to come from the Iranian arms sale?

Mr. POINDEXTER. I honestly don't believe so, but I must say I have a very dim memory of this memorandum.

Mr. LIMAN. Did you brief the President on the initiative that is referred to there?

Mr. POINDEXTER. That is my problem. I think looking at the package that probably what I briefed the President on was what has your Bates No. 2931 on it, because that in a much more condensed fashion covers the same general points.

Also I have made some marginal notes on that page, which looks to me like what I often did for something that—it highlighted for me when this was in front of me talking to the President about it, that is a further condensation of the main points that he should be prepared to talk to Prime Minister Peres about.

Mr. LIMAN. Those are your handwritten marks on that page?

Mr. POINDEXTER. On 2931, right.

Mr. LIMAN. As you sit here today, do you recall whether you knew that the funds for that project were to come from the Iranian arms sale?

Mr. POINDEXTER. I honestly do not know.

Mr. LIMAN. Do you know whether you discussed with the President how the project was to be funded?

Mr. POINDEXTER. I don't remember, but I would seriously doubt it.

Chairman HAMILTON. Counsel, excuse me if I may interrupt. The Chair would like to point out that a vote is pending in the House and Members will be leaving for that purpose.

You may proceed, Counsel.

Mr. LIMAN. Let's turn to another subject, and this is an unclassified exhibit.

Would you look at exhibit 51, which was a note to you from Oliver North.

Mr. BECKLER. One minute, Counsel. We have got another book we need here.

Mr. LIMAN. I will direct your attention to that. That is a note from North to you dated May 16, 1986. If you go down to the fourth paragraph, North wrote, "You should be aware that the Resistance support organization now has more than $6 million available for immediate disbursement."

Mr. BECKLER. Counselor, just a minute. We are having a problem here. The one that we have that is numbered 51 is not the same I don't think in this book. There is another book——

Mr. LIMAN. It is 51. It is hard to read perhaps on your copy, and we blew it up for that purpose, but I can review the words with you. There are only two sentences here that I want to direct your attention to at the moment.

> You should be aware that the Resistance support organization now has more than $6 million available for immediate disbursement. This reduces the need to go to third countries for help.

Is it a fact that you understood that the $6 million that Oliver North referred to ~~there was~~ money coming out of the Iranian arms sale?

Mr. POINDEXTER. I probably thought that at the time I read it.

Mr. LIMAN. On this very day, May 16, 1986, do you recall that you had a meeting of the NSPG?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And what is the NSPG?

Mr. POINDEXTER. The National Security Planning Group.

Mr. LIMAN. And do you recall that——

Mr. POINDEXTER. It is a small version of the NSC. It has the statutory members of the NSC on it, but very few other people.

Mr. LIMAN. And it has among others the Secretary of Defense and the Secretary of State on it?

Mr. POINDEXTER. That is right.

Mr. LIMAN. Do you recall that one of the purposes of the meeting was to discuss third country support?

Mr. POINDEXTER. Yes, I do.

Mr. LIMAN. Do you recall indeed that the whole purpose of the meeting was to discuss how to raise money, bridge funding for the Contras until Congress appropriated more money?

Mr. POINDEXTER. Yes, I recall that was one of the objectives.

Mr. LIMAN. Do you recall that the Secretary of State at that meeting said that he thought that you could not get reprogramming from Congress and that you would have to look to third countries for support?

Mr. POINDEXTER. Yes, and my memory of course has been refreshed on this by going over the minutes of the meeting.

Mr. LIMAN. Do you recall having refreshed your recollection that the meeting ended with the Secretary of State being asked by you to prepare a list of countries that could possibly help, to be presented to the President of the United States?

Mr. POINDEXTER. Yes, I recall that was one of the outcomes of the meeting.

Mr. LIMAN. On that very day after the meeting, Oliver North then sent you this PROF note saying that $6 million was available and that this reduced the need to go to third countries for help.

Mr. POINDEXTER. Yes. My recollection having looked at all this material fairly recently, as I believe what happened is Colonel North was in that NSPG meeting and he during the discussion started to say something.

At this particular time, my deputy, Don Fortier, was in the hospital with terminal cancer, and so I was up to my eyebrows in work and I hadn't had a chance to talk to Colonel North before the meeting. He started to say something during the meeting and I thought he was going to talk about some of the Contra support activity and Colonel North was not aware of at all times as to who knew what.

My guidance to him was not to talk to anybody and that way I had control over who knew what.

In the meeting I cautioned him not to say anything and I believe this PROF note is probably as a result of that and he is telling me here what he was getting ready to say.

Mr. LIMAN. Since the meeting had ended with the Secretary of State being asked to prepare a list of countries for the President, did you tell the President that you had found $6 million from a third country?

Mr. POINDEXTER. I did not.

Mr. LIMAN. I take it that the reason that you did not tell him was for the same reason that you didn't tell him originally, that you wanted to preserve deniability?

Mr. POINDEXTER. That is exactly right.

Mr. LIMAN. You testified this morning that if the President had asked you about what countries were helping, you probably would have told him about this; do you recall that?

Mr. POINDEXTER. That would have been a difficult situation and I don't——

Mr. LIMAN. But you wouldn't lie to the President?

Mr. POINDEXTER. I wouldn't lie to the President and if he had outright asked me about it, I would have told him. He didn't.

Mr. LIMAN. Are you saying that with the interest the President had in the Contra movement and his concern about the dire straits it was in financially that he never asked you which countries were helping?

Mr. POINDEXTER. That is correct. The President, as I have said, is not a man for great detail. I don't mean that in any sort of funny way. I don't think a President ought to get involved in details. He has to maintain a strategic perspective, he has enough to worry about.

I think by and large the President has the same sort of management philosophy that I do, that he picks good people for the job and gives them a lot of authority to carry out that job. He wanted the Contras supported.

We were reporting to him on the status of the Contras in general terms, and he knew that they were surviving, and that was the thing that was important to him.

Mr. LIMAN. Admiral, you said that he had the same management philosophy that you had. Did you expect Colonel North to report to

you on the fact that he was getting money from the Iranian arms sale for the Contras?

Mr. BECKLER. I'm going to object.

Mr. LIMAN. Let me rephrase it.

You've talked about the fact that your management philosophy is to pick good people and to give them a broad mandate; that is fair to say?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Was it within your management style to expect someone who was the action officer like Colonel North to seek your approval before diverting money from the Iranian arms sale to the Contras?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Why?

Mr. POINDEXTER. Because it was a detail of implementation that was important.

It didn't really—it didn't establish any new policy but it was a major new facet of the implementation.

Mr. LIMAN. And just so that there is no question about it, because I don't want to keep repeating—and I'm not trying to restate things differently—the reason, as I understand it, for not bringing this to the President's attention was not because you thought it was unimportant, but because you thought it was within the objectives that the President had stated, it was consistent with the way in which the Contras were being financed from third countries, and because you thought that it was important for the President to be able to deny this truthfully if it ever came out. Fair?

Mr. POINDEXTER. That is a fair description.

Mr. LIMAN. OK.

Now, among the mandates that you gave Colonel North was the mandate to conduct the negotiations with the second channel once the Tehran mission had failed; is that correct?

Mr. POINDEXTER. Yes, that is correct.

Mr. LIMAN. And is it also true that Colonel North was the type of officer who reported?

Mr. POINDEXTER. Yes, extensively.

Mr. LIMAN. He indeed probably reported more than you could read?

Mr. POINDEXTER. Yes, but I have always hesitated to tell people not to report.

Mr. LIMAN. And he also was an officer who liked to get the approval of his superior?

Mr. POINDEXTER. Yes. I think that was his tendency. He wanted to make sure that he was staying on the right track.

Mr. LIMAN. He testified, as you know, that he believed very strongly in the chain of command?

Mr. POINDEXTER. Yes, I believe that.

Mr. LIMAN. And you also believe that?

Mr. POINDEXTER. Yes, I believe that.

Mr. LIMAN. When he was in negotiations with the second channel, did he tell you that he had, with his advisers and assistants, with General Secord and Hakim, negotiated the nine-point plan with the Iranian second channel?

Mr. POINDEXTER. I believe he did. I don't have a strong recollection of this, but I believe he did.

Mr. LIMAN. Is your best recollection, and that is all we can talk about, that you approved it?

Mr. POINDEXTER. Yes, that is correct.

Mr. LIMAN. Is it your best recollection that you obtained the approval of the President of the United States?

Mr. POINDEXTER. Yes, it is.

Mr. LIMAN. You are aware of the plan because we have shown it to you as well as Colonel North's testimony about the part of the plan that dealt with the Dawa, correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And you were a subscriber to the policy of the United States, that the United States should not lean on the Kuwaitis to release these prisoners?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. These were terrorists?

Mr. POINDEXTER. That is correct, and the President felt very strongly about the issue.

Mr. LIMAN. Did Colonel North——

Mr. POINDEXTER. We had discussed that numerous times.

Mr. LIMAN. Did Colonel North report to you that part of the plan was for General Secord or Hakim to come up with a plan that the Iranians could use to attempt to convince the Kuwaitis to release the Dawa prisoners?

Mr. POINDEXTER. I believe he did. That was my understanding, that it was not something that General Secord—I don't, I can't say that I really remember Albert Hakim's role in this, but my recollection would be that General Secord was to come up with a plan which he could give the Iranians that the Iranians could execute, not that the U.S. Government would do it or not even that General Secord would actually do anything.

Mr. LIMAN. Did you clear that with the President?

Mr. POINDEXTER. My best recollection is I did.

Mr. LIMAN. Did you understand that General Secord was acting in this venture at the request of the United States, namely the NSC?

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. And did you discuss with the President that General Secord was in fact being asked to act for the United States in this venture?

Did he know, in other words, that Secord was not in this just on his own but had been brought in it by the CIA and by the NSC?

Mr. POINDEXTER. I believe so. I can recall—and as I told you in the closed testimony, I want to obviously be very careful as to what I attribute to the President and what I don't.

It is obviously an important issue, so unless I can remember something very specific, I'm reluctant to attribute things to the President, either things he said or things that I think he knows.

Mr. LIMAN. And you know my view that I think it is essential that it is only where you have an actual recollection that you should do that.

Mr. POINDEXTER. But I do have a recollection of talking to the President at one point during the Iranian project, that General

Secord was involved as a private individual, and that he indeed was a true patriot.

I don't recall going into great detail about the mechanics of how the discussions were going on, but I always briefed the President on the results of the discussions, and discussed the possibilities for next steps and got his approval for the major next steps that we took at various times.

Mr. LIMAN. So, as I understand it, you got the President's approval for the next steps in the venture excluding, for the reasons you have stated, the use of the proceeds for the Contras?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Admiral, do you recall the President's reaction—and it is only if you recall it—do you recall the President's reaction to the notion that General Secord would be coming up with a plan that might help the Iranians get the release of the Dawa terrorists?

Mr. POINDEXTER. I don't recall that, Mr. Liman. This again happened—we were probably on the road. We spent much of the month of October on the road in the campaign. I traveled with the President on all those trips, although I wasn't involved in the partisan political activity, but I was there as his National Security Adviser. This probably happened on the road, and was probably a brief exchange, and I frankly don't remember it very well.

Mr. LIMAN. Did you ever discuss with the State Department the nine points that had been agreed upon?

Mr. POINDEXTER. I don't believe so, although clearly part of the—I did discuss with Secretary Shultz that we were working on a second channel. He was aware of that, and he was also traveling during this time period and I told him at least two or three times that we needed to sit down and talk about it in more detail, but because we were both going in various directions, we didn't have that opportunity before things began to fall apart in November.

But he was aware that we were working on a second channel. I think he may have been aware of the identity of the second channel, and in November of 1986, even after things began to fall apart, one of our objectives was to try to sustain the second channel, and I recall, because you have it as an exhibit, a cable that I sent Secretary Shultz in which I told him that I wanted to set up two compartments, one an operational compartment which I was willing to brief one of his people into and a strategic compartment.

The purpose of that compartment would have been to discuss these nine points. And other than the hostage aspect, the only other really significant part of the nine points was setting up a mechanism for conducting future discussions, which obviously would have had to involve a State Department presence.

Mr. LIMAN. Admiral, you have already testified earlier that you believe very much in compartmentalization, not just with Congress, but within the Executive Branch.

Mr. POINDEXTER. It is an unfortunate outcome of what has happened in the past few years in Washington with leaks.

Mr. LIMAN. Can you tell me whether you recall that during the Tokyo Summit in early May, Secretary of State Shultz came to you and told you that he had heard from the American Ambassador to Great Britain that we were still engaged in the Iran initiative?

Mr. POINDEXTER. I don't believe he got to me while we were in Tokyo. I recall having a discussion with him on Air Force One on the way back.

Mr. LIMAN. That is good enough.

Mr. POINDEXTER. He and Don Regan and I discussed it.

Mr. LIMAN. Did he tell you that he had heard stories that we were still dealing with the Iranians and that he was concerned?

Mr. POINDEXTER. I don't recall the discussion very well, but he no doubt did. That was his position all along.

Mr. LIMAN. Did you tell the Secretary that you had directed your subordinates involved in this to stand down?

Mr. POINDEXTER. I don't believe that is when I told him that.

Mr. LIMAN. Did you tell him that at some point?

Mr. POINDEXTER. At some point, and, in fact, we did stand down at one point, and I am a little fuzzy on the exact sequence, but George Shultz, Cap Weinberger, and Bill Casey and I tried to have lunch together once a week and it appears in my schedule as FGL, family group lunch, and it was called that because we had it in the old family dining room of the residence in the White House.

We also had a rule that we wouldn't have the lunch unless everybody could be there and with all the travel that all of us did, it was sometimes many weeks between meetings. I believe in at least two of those family group lunches, I provided an update on the Iranian project.

I recall at one of those, and it was at one point in the process, and I don't recall exactly when it was, we were standing down.

Mr. LIMAN. Let me put it to you this way—because of the beliefs in secrecy that you have expressed, did you ever tell the Secretary of State that the Iranian initiative had been halted or suspended at a time when it was still going forward?

[Counsel conferring with witness.]

Mr. POINDEXTER. Not intentionally, and I don't believe I did. Now, standing down, you understand, doesn't mean we stopped. It just means that there is a pause while we sort things out. And at—and I believe it was—it was some time after the February shipment and before the second hostage was released, there was a point in time there where we thought it was falling apart.

Mr. LIMAN. Did you get an inquiry from the U.S. Ambassador to Great Britain, Ambassador Price?

Mr. POINDEXTER. Yes. Charley called me on a secure line while I was in Tokyo.

Mr. LIMAN. And he said he had heard about an initiative in which the U.S. was participating?

Mr. POINDEXTER. Right. He had a report from a—I believe British, I am not certain of the nationality—businessman.

Mr. LIMAN. Tiny Rowlands. Does that refresh your recollection?

Mr. POINDEXTER. Yes. I am just not sure of his nationality.

Mr. LIMAN. Did you deflect his inquiry?

Mr. POINDEXTER. Yes. As I recall I told him there were shreds of truth in the story that he had been told, which indeed was accurate. The whole story that Mr. Rowlands had was inaccurate, and as I recall I asked Colonel—I sent Colonel North a message reporting the call from Price and wondered what in the world Mr. Nir was doing.

Mr. LIMAN. Admiral, did you tell him it was not a U.S. operation, as you recall it?

Mr. POINDEXTER. I told him that the operation, as it had been described to him, was not a U.S. operation. And I thought that that was, indeed, true. Because the operation that he described was much more extensive than anything that I knew about.

I also told him that if he had further concerns about it, that we could get together when we were both in Washington.

Mr. LIMAN. But, as I understand your testimony, you would deny any assertion by the Secretary of State that you told him in May of 1986 that this operation was over?

Mr. BECKLER. Mr. Chairman, I would ask that counsel ask the question of what he did, not denying the assertions of somebody else.

Mr. LIMAN. Did you tell the Secretary of State in May of 1986 that the operation was over?

Mr. POINDEXTER. I do not recall making it that definitive.

Mr. LIMAN. Did you ever tell the Secretary of State that the United States had actually shipped arms to Iran?

Mr. POINDEXTER. Oh, I think that the Secretary of State knew that. I think that was covered in at least one family group lunch.

Mr. LIMAN. So your recollection is you did, in fact, tell him?

Mr. POINDEXTER. I think I did. In fact, I am almost certain of that.

Mr. LIMAN. Did the Secretary of State ever ask you not to keep him informed?

Mr. POINDEXTER. Not in those precise words. He, in at least one or more conversations, told me that—that I understood that he was opposed to the plan, that he also understood that the President wanted to go ahead with it, not that he liked that, he accepted it, and he indicated that he didn't particularly want to know the details.

He said just, in effect, tell me what I need to know.

Mr. LIMAN. One last question on the Iran venture. When the venture started it was the firm position, was it not, of the President and you that no hostages should be—I mean no arms should be shipped unless the hostages were released?

Mr. POINDEXTER. Yes.

Mr. LIMAN. And by the time the venture ended, am I correct, sir——

[Counsel conferring with witness.]

Mr. LIMAN. —that we shipped 1500 TOWs directly—that is not the Israeli shipment—that we shipped some 225 HAWK parts, we shipped some medicine, and we entered into that nine-point plan; that we got back two hostages—one had come back as a result of the Israeli venture—and that——

Mr. POINDEXTER. But that was really all part of the same.

Mr. LIMAN. But that was another 500 TOWs earlier which I am not counting. And that three more hostages were taken, though apparently, so far as your understanding was concerned, it was by a different faction?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Just explain to the committee how we came to go from the position which was vetted at the time the January 17

Finding was signed of no arms without all the hostages to what actually did happen?

Mr. POINDEXTER. Well, obviously when you lay out a plan to start a project, you lay out some final objectives that you want to reach, and the various milestones that you hope to meet in getting there. In reality, most real-life events don't happen exactly according to plan.

You have got to adapt for that. The President's objective was to get them all back in one group. That clearly was the safest way in terms of the physical danger to the hostages.

It also was a safer political way, because you know, the President was under no misconceptions back in December as to what the public reaction would be if this leaked out. In fact, my recollection is that he said that if we get all of the hostages out, we will be heroes; if we don't, we will have a significant problem.

And we are seeing that problem today. So——

Mr. LIMAN. In fairness to him, the problem was compounded by a decision that you——

Mr. POINDEXTER. That I made.

Mr. LIMAN. —did not disclose to him?

Mr. POINDEXTER. That is exactly right. And I don't mean to conceal that, obviously. But as time went on and we were unable to get them all out in one group, because of the President's desires to get them back, plus—and I don't think we should minimize our longer term objectives that we had in mind once we got over this first hurdle, he was unwilling to give up, and I agreed with him.

Mr. LIMAN. Is it fair to say that the State Department believed that there were, that this was not the way to pursue the longer term objectives?

Mr. BECKLER. Mr. Chairman, I want to object to this, is it fair to say. I have the feeling—let me finish. I have the feeling someone is trying to pick someone's pocket when they say "is it fair to say." If there is a question eliciting facts, the answer can be given, and I must say that to ask Admiral Poindexter what is in the collective mind of the State Department in the eyes of Arthur Liman or anyone else is a little bit going beyond the scope of what this witness is able to answer.

Mr. LIMAN. Mr. Chairman, I don't want to press that question. I will rephrase it.

Mr. BECKLER. Thank you.

Mr. LIMAN. Did the Secretary of State ever express in your presence his view that this was not the way to open the door to better relations with Iran by dealing with Mr. Ghorbanifar and the second channel?

Mr. POINDEXTER. I would characterize, by my recollection anyway, the Secretary's position as being that he didn't think that arms should be involved in getting over the first hurdle. I don't think he particularly had a problem with Mr. Ghorbanifar as a channel into the Iranian Government. He didn't have any problem with the strategic objectives that we had in sending Mr. McFarlane to Tehran. In fact, my recollection is that George cleared off on the terms of reference, and, in fact, he—at his suggestion, we later used the same terms of reference for a slightly different purpose in

terms of trying to respond to what we saw as reaching out by the Iranian Government.

Because the Israeli channel was not the first contact that we had had or attempted contact that we had with Iran, and it was not the last.

Mr. LIMAN. Let's go to—you have expressed your views on the Contras, and just tell us as briefly as you can how it is that the NSC ended up with the—whatever operational role it had in supporting the Contras at the time that Boland was passed and in the months preceding it when the CIA ran out of money.

Mr. POINDEXTER. I am going—I am a little vague on this because Central America was on Mr. McFarlane's agenda at the time, and although I was indirectly involved with a lot of aspects of it, it was his prime responsibility. I think that the whole thing evolved. As Colonel North testified, he participated in the Kissinger Commission, Bipartisan Commission on Central America, and Mr. McFarlane assigned him to make contact with the political leadership of the Contras.

As has been testified, we were concerned about the political cohesiveness of the Contra organization. They were a group that had different views, and we saw that they needed to coalesce so that they would be stronger, not only in the field, but in terms of our ability to get support for them in Washington.

And so Colonel North's involvement with this evolved over a period of time, and when the first Boland Amendment came in and the CIA, State, and Defense could no longer be involved, as I have testified before, in effect, Colonel North became the switching point between a private network and the Contras and also became the primary U.S. Government contact with the political leadership of the Contras in order to keep them together.

Mr. LIMAN. All right. Did you participate in briefing the President on Colonel North's role?

Mr. POINDEXTER. I usually went to the 9:30 briefings with Mr. McFarlane during 1984 and 1985.

Mr. LIMAN. Do you remember discussions of Colonel North's role?

Mr. POINDEXTER. I frankly can't remember specific discussions on that. I think it was—it was covered in general terms. But I don't think that every time Colonel North made a trip down to El Salvador or Honduras that that would have necessarily been briefed to the President.

Mr. LIMAN. All right. Admiral, the activities of Colonel North began before you became National Security Adviser, correct?

Mr. POINDEXTER. They did.

Mr. LIMAN. And then you authorized him to continue them during your tenure.

Mr. POINDEXTER. That is correct. When I took over, I was, as I have testified, I was generally aware of what Colonel North was doing, and when I took over, I recall a brief discussion with him that he should continue on track.

Mr. LIMAN. And Colonel North testified that he wouldn't do things on his own and that his activities were authorized by his superiors. You recall that?

Mr. POINDEXTER. Yes, I do.

Mr. LIMAN. And to the best of your information and knowledge, were his activities in support of the Contras authorized by either you or Mr. McFarlane?

Mr. POINDEXTER. During my tenure as National Security Adviser, I authorized, in general, the actions that I have heard described, and it was my understanding that Mr. McFarlane had authorized the activities that had taken place prior to December of 1985.

Mr. LIMAN. And just so that we can identify what it is that you understood that he was doing, am I correct that you understood that Colonel North was looking for ways to support the Contras through nonappropriated funds?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Is it correct that you knew that Colonel North had secured the services of—or encouraged, let me put it that way—General Secord to set up the Contra resupply operation?

Mr. POINDEXTER. I was aware that he did that, and I was certainly operating under the impression that Mr. McFarlane had approved that.

Mr. LIMAN. And is it also correct that it was your understanding that Mr. McFarlane had directed Colonel North to oversee the transfer of Country Two's funds to the Contras?

Mr. POINDEXTER. Yes, very specifically. I feel confident of that one.

Mr. LIMAN. And is it correct that you became aware at some point that Colonel North was keeping money in his safe for disbursement to the Contras and that you told him that that you didn't want him to do and he should give it back to the Contras?

Mr. POINDEXTER. At some point, and I believe it was 1984—it could have been later, but it was associated with the first contribution of Country Two, I think—it came to my attention, by Colonel North reporting to me, that Mr. Calero had provided some funds to him, and it was my understanding it was cash—at least that's my recollection of my understanding.

And probably not in the first conversation with me on that point, but shortly thereafter, after thinking about this, I realized that although I didn't see anything illegal about it, any time you handle cash there are perception problems that can certainly develop, and I think that's been demonstrated here in these hearings, and I also had lived through a previous event on the NSC staff of——

Mr. LIMAN. Richard Allen?

Mr. POINDEXTER. Richard Allen.

And I did not want that repeated. And so I told Colonel North that he should get rid of the money by returning it or whatever, that I didn't think that was a good idea.

Mr. LIMAN. Is it true that you knew that Colonel North was trying to get Blowpipe missiles for the Contras and that you gave him some assistance in that?

Mr. POINDEXTER. Yes. Yes, I did.

Mr. LIMAN. Is it true that you were aware that Ambassador Tambs was working on the Southern Front with Colonel North?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Is it true that you were aware that Colonel North distributed KL-43's to people involved in the airlift operation?

Mr. POINDEXTER. I don't recall that I specifically knew they were KL–43's.

Mr. LIMAN. But communications devices?

Mr. POINDEXTER. Yes, I knew about that after the fact.

In fact, I had expressed concern to Colonel North several times, because of the Soviet ability to intercept commercial telephone transmissions, that we needed to tighten up on communications security.

Mr. LIMAN. And is it also——

Mr. POINDEXTER. And I was aware that he had obtained some equipment for that purpose.

Mr. LIMAN. Is it also true that you knew that he was using Mr. Owen as a courier?

Mr. POINDEXTER. I'm not sure I actually knew that he was a courier. I was aware that Mr. Owen was a private citizen that was assisting in some role. I'm not sure I really understood the exact role.

Mr. LIMAN. And were you aware that Colonel North had a role in getting the airstrip in that Central American country?

Mr. POINDEXTER. Yes. In fact, as I've testified, that issue came up on the trip that I made to Central America in December of 1985.

Mr. LIMAN. Did you brief the President of the United States on that airstrip?

Mr. POINDEXTER. I did.

Mr. LIMAN. And is it true that you knew that Colonel North had arranged either with Felix Rodriguez or, more likely, an official in the country where Felix Rodriguez was working, to get logistics support for the Contras?

Mr. POINDEXTER. Yes. I was aware that he was doing what he could to pave the way for the logistics effort in the surrounding countries.

Mr. LIMAN. And is it——

Mr. POINDEXTER. I would like to keep that general.

Mr. LIMAN. Is it true you regarded Colonel North as the switching point that made this whole system work?

Mr. POINDEXTER. Yes, that's correct.

Mr. LIMAN. Did you ever have a conversation—sorry.

Mr. POINDEXTER. Go ahead.

Mr. LIMAN. Did you have a conversation with Director Casey where he said that the Contras would not be alive without Colonel North?

Mr. POINDEXTER. Yes. I almost said that, but I figured you were going to ask that as the next question.

Mr. LIMAN. And you shared that view?

Mr. POINDEXTER. Yes, I did. I certainly did.

Mr. LIMAN. And I understand from your earlier testimony that you did not go into this degree of detail in briefing the President; is that so?

Mr. POINDEXTER. I certainly did not brief the President in detail of all of Colonel North's activities. That would have been much too great a level of detail to cover will all of the other arms control and United States-Soviet issues that we were constantly struggling with. But I do think that the President understood that Colonel North was instrumental in keeping the Contras supported without maybe understanding the details of exactly what he was doing.

Mr. LIMAN. Now, is it correct that the CIA and Director Casey, because of Boland, did not want to be told directly, as you understood it, about what Colonel North was doing?

Mr. POINDEXTER. Yes, that is correct. They wanted to be careful and Director Casey was very sensitive to this, they wanted to keep hands-off as much as they could.

Mr. LIMAN. And do you recall that there was an occasion when Director Casey spoke to you about the fact that Colonel North was indiscreet and had talked about funding and some other logistics support that he was providing for the Contras?

Mr. POINDEXTER. Yes. I would not have recalled that if my memory had not been refreshed, but I believe he did. It was not a particularly big issue.

Mr. LIMAN. But it then became a big issue for Colonel North when he wrote a memo defending himself, which is in the exhibit book called "who said what to whom?"

Mr. POINDEXTER. Right.

Mr. LIMAN. Saying he wasn't indiscreet?

Mr. POINDEXTER. Right.

Mr. LIMAN. But essentially the policy that was being followed at the NSC was to do nothing which would create a record of any kind of coordination with the CIA?

Mr. POINDEXTER. That is correct. We wanted to be very careful to live within the letter and spirit of the Boland Amendment.

Mr. LIMAN. And your view on the Boland Amendment, you have already expressed, was that it didn't apply?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. But is it——

Mr. POINDEXTER. We didn't want to do something that would get the other departments and agencies into difficulty.

Mr. LIMAN. All right.

Chairman HAMILTON. While counsel is talking to the witness, I might observe the House is voting once again, so Members of the House will be leaving to vote.

Mr. LIMAN. Admiral, did you also want to keep what your plans and operations were relating to the Contras secret from people in the NSC and in the White House?

Mr. POINDEXTER. Yes, I did.

Mr. LIMAN. And would you look at exhibit 4. All right. Exhibit 4 is a memorandum or an excerpt copy of a memorandum you wrote to Mr. McFarlane, am I correct?

Mr. POINDEXTER. Yes, that is correct.

Mr. LIMAN. If you look—we have blacked out most of it because there were personal observations. There is a section on Central America, and it says there, as one of your recommendations,

> continue active negotiations, but agree on no treaty and agree to work out some way to support the Contras either directly or indirectly, withhold true objectives from staffs.

Now, why was it that you wanted to withhold what your true objectives were from your staffs?

Mr. POINDEXTER. Well, it is a little hard for me now—it is almost 3 years hence—to recall exactly what I had in mind, but just based on my general feelings on the subject, what I probably meant was

that we had to make an effort to get a treaty. But my personal view, and that is what these are, my personal views to Mr. McFarlane, was that a treaty was very dangerous because I did not personally believe that even if the Sandinistas agreed to a treaty that they would ever live up to it.

Mr. LIMAN. But the official policy being told to the Congress and the American people was that we were trying to get a treaty, correct?

Mr. POINDEXTER. Correct. And indeed, we were, and I am not saying that anybody else agreed with me on these points.

Mr. LIMAN. But your personal view was that a treaty wouldn't be effective, correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And, therefore, what your personal recommendations to Mr. McFarlane was was that you should continue the active negotiations, but agree on no treaty and agree to work out some way to support the Contras but not tell the staff?

Mr. BECKLER. At this point, I would like to say, Mr. Chairman, as Mr. Liman pointed out, this exhibit is heavily redacted. It is part of a long kind, of very personal kind of ideas on different subjects. I don't know if it rises to the level of recommendation, as Mr. Liman has characterized it.

I think a fairer reading of it is there were lots of thoughts on lots of different ideas at a point in time when there seemed to be a little time to have some sort of exchange between two individuals.

I think that would be a fairer characterization; right, Mr. Liman?

Mr. LIMAN. I accept your characterization.

It was ideas you were expressing to your colleague?

Mr. POINDEXTER. That is right. Musings I would call them.

Mr. LIMAN. And they were ideas that you had at that moment?

Mr. POINDEXTER. That's correct.

Mr. LIMAN. And did you—I mean, this was a memorandum that you kept because it was something that you were proud of.

Mr. POINDEXTER. That's correct.

Mr. LIMAN. Now, would you look at exhibit 47 on the same subject of secrecy. That's a memorandum from you, and it says, and I'm going to read the last line, "Don Regan knows very little of your operation, and that is just as well," referring to North.

What was the reason that it was just as well that Don Regan, the Chief of Staff, know as little of North's operation?

Mr. POINDEXTER. Well, as you know, Mr. Liman, I have testified on this point before, and if you insist, I will cover it again.

Mr. LIMAN. Is it because of your concern that when people have jobs where they have to deal with the press, they may unwittingly say something?

Mr. POINDEXTER. Yes, that is correct. And the——

Mr. LIMAN. I'm phrasing it as diplomatically as I can. See, I have learned that since I have been here in Washington. I used to be a blunter fellow.

Mr. BECKLER. I'm glad you learned a couple lessons down here, Arthur.

Mr. LIMAN. Apparently I forgot how to ask questions, according to you.

Mr. POINDEXTER. I appreciate that, Mr. Liman.

The point here is that there's a difference between, and I may be drawing too fine a line, but in my opinion there are secrets and there are secrets. Clearly, items that have great importance in terms of our national security, sources and methods in foreign countries, for example, there isn't as much tendency to leak that kind of information, either wittingly or unwittingly, because you automatically recognize that is something that ought to remain very secret, whereas the Contra support activity is something that doesn't really fall in that same category. It, by and large, is a politically controversial issue, and I was concerned that people would be less careful with that kind of information. And the one way I had of keeping things secret was not to tell people.

Mr. LIMAN. Did you see, admiral, that in the desire to preserve secrecy, you could so compartmentalize things that you wouldn't get different points of view and dissenting points of view?

Mr. POINDEXTER. Well, as I've said before, the policy issue here was very clear and not necessarily all of the people involved recommended the kind of policy that the President stated.

He got dissenting views there sometimes. But the policy with regard to support of the Contras was well understood. That was not a new policy. The question of how you implemented it within the various constraints that existed was an issue that was something that I had to worry about.

Mr. LIMAN. But can you reach the point where your concern with secrecy becomes so great and your aversion to the potential for leaks so acute that even the President of the United States doesn't get briefed? Can it go that far?

Mr. POINDEXTER. No, I don't think so.

Just as an example, the Iranian project, the decision to try to find a strategic opening to Iran was clearly new policy. That was thoroughly discussed with the President by people that had dissenting views. And the views and problems that many of you here may see were raised by Secretary of State Shultz and Secretary of Defense Weinberger. So those kinds of views were not withheld from the President, and he had them.

I doubt seriously if the President had made a decision rather than to postpone notification, to go ahead with notification if people would have given him any new insights as to what the problems were. And I think it's also important, and I don't think the public fully understands this, is that under the Hughes-Ryan amendment to the National Security Act, that Congress cannot veto a covert action. In other words, it is not a matter of sending the action up here for approval. The matter is one of informing for oversight purposes——

Mr. LIMAN. And getting their point of view?

Mr. POINDEXTER. That's right. But my point is that the President, deciding not to do the notification, did not in this case preclude his getting a different kind of view.

Mr. LIMAN. Admiral, one last one on this matter of secrecy on the—in the Executive Branch on the Contras. If you look at exhibit 52, it's another memorandum from you to Colonel North, and there it says, "To my knowledge, Shultz knows nothing about the prior financing."

Do you see that?

Mr. POINDEXTER. Yes, I see that, Mr. Liman.

Mr. LIMAN. Now, at the time you wrote that, it was your understanding that the Secretary of State had not been told that Country Two or Three, or whatever numbers we now have assigned, had been contributing to the Contras?

Mr. POINDEXTER. That—I was not sure at that point whether he knew about it or not.

Mr. LIMAN. And you said that to your knowledge he had not been told, and you asked Mr. McFarlane, correct?

Mr. POINDEXTER. That's correct.

I think it's important for me to put this in perspective here. I added the second sentence, "I think it should stay that way," with respect to Secretary Shultz knowing about it, for a very specific purpose. I didn't want Colonel North talking to anybody in the State Department about it, and—but as I recall, after I sent this note to Colonel North, I did call Mr. McFarlane and ask him if the Secretary knew, because frankly I thought the Secretary should know, but I wanted it to come from Mr. McFarlane, not from anybody else.

Mr. LIMAN. So when you said I think it should stay that way, you really meant——

Mr. POINDEXTER. As far as Colonel North——

Mr. LIMAN. That Colonel North should not tell him.

[Counsel conferring with witness.]

Mr. POINDEXTER. Can I read this again? I am a little bit confused here.

Mr. LIMAN. Let me read it so that the audience knows what we are talking about. It is dated June 10, 1986. It is 3 weeks or so, almost a month after the NSPG meeting we have talked about on third country solicitation.

It says, "Out of the last NSPG on Central America, Shultz agreed that he would think about third country sources.

"I wanted to get an answer from him so we could get out of the business. As I understand the law, there is nothing that prevents State from getting involved in this now. To my knowledge, Shultz knows nothing about the prior financing. I think it should stay that way. My concern was to find out what they were thinking so there would not be a screw up," and then it goes on to talk about Mr. Abrams, and I am going to come to that in a moment.

You did speak to Mr. McFarlane after this, am I correct?

Mr. POINDEXTER. I did.

Mr. LIMAN. And you learned from Mr. McFarlane that the State Department had in fact not been told about the contributions of Country Two and Country Three?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And it was at that point they were told?

Mr. POINDEXTER. That is correct, by Mr. McFarlane.

Mr. LIMAN. And it was your view—strike that.

Let me put it to you as a question. Was it your view that balancing what you saw as the need for secrecy versus the needs of the State Department in carrying out its functions, should they have been told earlier?

Mr. POINDEXTER. I think—you know, it is hard to second guess Mr. McFarlane in the early stages of this. I think I would put it this way—if I had been doing it, I think I would probably have told Secretary Shultz about the Country Two contribution, but in a very private way.

Mr. LIMAN. In this memorandum, there was a discussion about the solicitation of Brunei. Brunei and Israel are two countries we can mention by name. And you say there that,

He said he had recommended a country, which turned out to be Brunei, where Shultz is going to visit. They have lots of money. It seems like a good prospect. Shultz agrees. I asked Elliott how the money could be transferred. He said he thought Shultz could just hand them an account number. I said that was a bad idea, not at all letting on that we had access to accounts.

Remember that?

Mr. POINDEXTER. Well, that was not my recollection of what I said, but I guess it is what I said.

Mr. LIMAN. It is your note.

Mr. POINDEXTER. My note.

Mr. LIMAN. Now, it obviously wasn't a good idea for the Secretary of State to go around handing account numbers to the head of another state—that you would agree with?

Mr. POINDEXTER. I agree with that.

Mr. LIMAN. But you suggest there that the way the money should be transferred would be to transfer—would be to accounts that you say we had access to, and I take it you are referring to the Lake accounts there, am I correct, the Secord accounts?

Mr. BECKLER. I think if you continue on, Counselor, there is some indication——

Mr. LIMAN.

I told Elliott that the best way was for the country to direct their embassy here to receive a person that we would designate and the funds could be transferred through him. Don't you think that is best?

You were referring to the Secord operation, weren't you?

Mr. POINDEXTER. That's correct. I would not probably have characterized it as Lake Resources, but Secord, the private network.

Mr. LIMAN. And you understood that the Secord operation was——

Mr. CHENEY. The Chair wishes to announce at this time that there is a vote pending in the Senate and also one pending in the House.

Go ahead and proceed, Counsel.

Mr. BECKLER. Is there going to be anybody left?

Mr. CHENEY. I will stay.

Mr. BECKLER. I know the chairman said 5 or shortly thereafter. Does anybody have any idea what a little after means? About 5:30?

Mr. CHENEY. Yes.

Mr. LIMAN. Admiral, did you understand that the Secord accounts were being used not just for humanitarian purposes, but to supply munitions and air support?

Mr. POINDEXTER. Yes, I understood that.

Mr. LIMAN. Did you understand that the money being solicited from Brunei by the State Department was being solicited pursuant to law for humanitarian purposes?

Mr. POINDEXTER. My best recollection of my thinking at the time was that it was being solicited under the provisions of the new version of the law. I don't frankly recall making a big distinction in my thinking about it between humanitarian and nonhumanitarian.

Mr. LIMAN. But did you give any thought at the time that what you were suggesting was that the money that was being solicited by the State Department for humanitarian purposes was going to end up in an account that was used for lethal supplies?

Mr. POINDEXTER. I don't think that possibility really entered into my thinking about this. I did not spend much time on this particular issue.

Mr. LIMAN. Now, there came a time in 1985, in August of '85, when the Congress got some wind of Colonel North's activities; do you recall that?

Mr. POINDEXTER. Yes, I do.

Mr. LIMAN. And do you recall that that came at or close to the time that Congress had just appropriated $27 million in humanitarian aid for the Contras, the summer of 1985?

Mr. POINDEXTER. Yes. I'm not certain what was happening at the time, but——

Mr. LIMAN. And do you recall that there were letters from——

[Counsel conferring with witness.]

Mr. LIMAN. Do you recall that there were letters from Chairman Barnes and Chairman Hamilton inquiring about Colonel North's activities?

Mr. POINDEXTER. Yes, I recall there were several letters.

Mr. LIMAN. And I think you have already testified that there was concern that if there was a disclosure of Colonel North's activities to Congress, it could lead to some adverse reaction?

Mr. POINDEXTER. Yes. It would certainly add to the controversy.

Mr. LIMAN. Now——

Mr. BECKLER. Mr. Liman, let me just interject here. I think we need two Members to have a quorum on the House side?

Mr. LIMAN. I am counsel for the Senate. You have a quorum on the Senate side. You are protected on your immunity, and we now have two Members of the House.

Mr. BECKLER. Thank you.

Mr. LIMAN. Do you recall, if you look at exhibit 7A, that you got the—you were sent a copy of the Barnes letter? I think it is 7A, isn't it?

Mr. POINDEXTER. Yes, I have exhibit 7A.

Mr. BECKLER. We have a number of——

Mr. LIMAN. Look at just 7A.

Mr. BECKLER. —pages within 7A. That is the problem.

Mr. LIMAN. I will direct your attention.

If you look at the second page, which bears the number 29810, is that your handwriting on it?

Mr. POINDEXTER. Yes, it is.

Mr. LIMAN. It says, "This was brought up to me first thing this morning from the situation room. Do you want to send R.M.C. a copy before it is staffed?" And you initialed it as "no," correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And then you wrote a note, "Bob"—who is Bob?

Mr. POINDEXTER. Probably Bob Kimmet. It could be Bob Pearson, but probably Bob Kimmet, the executive secretary of the NSC staff.

Mr. LIMAN. You wrote, "Send Bud an information copy with staffing indicated. Barnes is really a troublemaker. We have good answers to all of this. Staff to"—and then you indicted who would be the people to staff it; you said "North," and you put "action."

First, what were the good answers to Congressman Barnes' letter inquiring about Oliver North's activities for the NSC that you had in mind?

Mr. POINDEXTER. I don't recall, Mr. Liman, right now exactly what I had in mind.

The problem is, there is a lot of water over the dam since that time, and I have been exposed to a lot of information. But I felt comfortable in what Colonel North was doing and I thought that the letters could be answered.

Mr. LIMAN. Well, I had understood your testimony earlier that if you disclosed what Colonel North was doing, it could create some adverse reaction on the Hill, and that's why I'm asking you, what were the good answers that you were contemplating that could be given that wouldn't create some kind of adverse reaction on the Hill?

Mr. POINDEXTER. Well, again, at this point it is very much——

Mr. LIMAN. You just don't recall?

Mr. POINDEXTER. —a hypothetical situation, and I frankly just don't recall. But at the time, I obviously felt that there was a good way of answering this.

Mr. LIMAN. Was the way that you were advocating at that time that executive privilege should be asserted; was that your preference?

Mr. POINDEXTER. Is this—is this the letter where he was asking for documents or——

Mr. LIMAN. Well, there was a letter for documents, but this is not the letter for documents. This, you will see, is—

Mr. BECKLER. This is the August 16, 1985, letter?

Mr. LIMAN. Right. It says,

> I request that you provide information, including memoranda and other documents, pertaining to any contact between Colonel North and the Nicaraguan rebel leaders.

And the letter from Chairman Hamilton asks for a full report on the activities of the NSC.

I take it that you just don't recall as you sit here now—I'm not asking for speculation or hypothetical answers—you don't recall what those good answers were you had in mind?

Mr. POINDEXTER. No, I don't.

Mr. LIMAN. You indicated "North, action," as the staff. Does that mean that he was to be the action officer in responding to these requests?

Mr. POINDEXTER. That means that he was to prepare the first draft of the response and it was to be coordinated with the other officers that are indicated there.

Mr. LIMAN. And when you suggested that he prepare the first draft of the response, was it your intention that Colonel North be

able to answer that letter with finessing a description of his activities?

Mr. POINDEXTER. That is exactly right.

Mr. LIMAN. That is why you designated him as the action officer?

Mr. POINDEXTER. That is right, because my objective here again would have been to withhold information.

Mr. LIMAN. Did you participate at all in the preparation of the actual responses that were given to Congress?

Mr. POINDEXTER. I don't have a recollection of participating in those preparations. I think it is—to understand the situation at the time, Mr. McFarlane was out in Santa Barbara with the President——

Mr. LIMAN. You were out, actually, just to help you, according to your diary, you were with the President from August 23 to September 2.

Mr. POINDEXTER. Excuse me?

Mr. LIMAN. You were there from August 23 to September 2. I don't want to place you in Washington when you weren't there.

Mr. POINDEXTER. No, but this note is dated August 17.

Mr. LIMAN. But you were out of town from August 23 to September 2.

Mr. POINDEXTER. I was in California then?

Mr. LIMAN. According to your diary.

Mr. POINDEXTER. My point is that when I wrote that note, I believe I was in Washington. Mr. McFarlane was in Santa Barbara.

Mr. LIMAN. Then you went to California?

Mr. POINDEXTER. We switched positions. The standard procedure when Mr. McFarlane received a letter from a Member of Congress was that he would be the first one to see the letter. That was his personal preference.

In this case, Kay, one of his secretaries, had opened the mail and sent me a copy of the letter and she was asking whether we should send the letter to Mr. McFarlane before we assigned it for staffing. I read the letter and thought that we ought to get started on the staffing of the letter and to send a copy out by facsimile to Mr. McFarlane, that is what the first sheet of the exhibit is, with the staffing indicated on it.

So the staffing started, and I do not recall doing much more on it after that point.

Mr. LIMAN. Did you review the letter before it was sent?

Mr. POINDEXTER. I do not believe I did. I may have had access to it, but I do not recall seeing it because I do recall a conversation in—a year later on a similar issue with Commander Thompson in which I asked him if he had the letters because I did not recall having seen them before.

Mr. LIMAN. Did you then look at the letters?

Mr. POINDEXTER. I did not. I intended to, but never got around to it.

Mr. LIMAN. When you first saw those letters, did you have any problem with them?

Mr. POINDEXTER. I would not have answered them the same way that Mr. McFarlane did——

Mr. LIMAN. They were more categorical than you would have made them?

Mr. POINDEXTER. I would have I think said it in a different way and not gone into the detail that he did.

Mr. LIMAN. You said that you were operating on the premise that Boland didn't apply.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. The fact of the matter is that these letters to Congress suggested that Boland did apply to the NSC and that you were abiding by it, correct?

Mr. POINDEXTER. I think that Mr. McFarlane and I had a different understanding. I have listened to his testimony. As I understand his position as explained at this point is that his observation that he thought Boland applied didn't necessarily mean in a legal sense, but he, according to his testimony, as I have interpreted it, meant that he wanted things done in accordance with Boland.

I don't recall that being stated quite the way at the time.

Mr. LIMAN. Well, in fact, as I understand the whole thrust of your testimony on this subject, it is that things were not being done in accordance with Boland, as if Boland applied to the NSC and that the NSC was engaging in the kinds of activities the CIA did because the NSC wasn't covered and, therefore, it was the only agency in the government that could do it; fair?

Mr. POINDEXTER. That is a fair description of my understanding.

Mr. LIMAN. Was there a decision, therefore, that was made to your knowledge by Mr. McFarlane or others at the NSC that they should not tell Congress that the NSC did not consider Boland to be applicable and instead to tell Congress we are complying with the letter and spirit?

Let me rephrase it.

Did you ever participate in any discussions at the NSC where a decision was made that you should keep from Congress this interpretation that Boland did not apply?

Did you understand the question?

Mr. POINDEXTER. I am not sure.

Mr. LIMAN. I will try it again.

[Counsel conferring with witness.]

Mr. LIMAN. Let me try it again so that we understand and if you don't understand the question, you don't even have to wait for your lawyer to say "rephrase it". I think you know that you can ask me.

Did you ever participate——

Mr. BECKLER. Thank you, Arthur.

Mr. LIMAN. Did you ever participate in any discussion at the NSC where someone said "Let's not tell Congress that we don't consider Boland applicable to us"?

Mr. POINDEXTER. Well, you have an exhibit, I think, that bears on this. And I think it is a PROF note from Mr. Fortier to Mr. McFarlane.

Mr. LIMAN. About our legal fellow not arousing speculation?

Mr. POINDEXTER. I can't remember that part of it. The point I want to make is that at various times there was consideration given by or promoted by some on the staff that we ought to go to Congress and clarify this question about third countries, and I was—I was always opposed to that.

Mr. LIMAN. I think that you are referring actually to Poindexter exhibit 5, which says,

Ollie believes we need to flag the possible option of a Finding permitting us to seek third-country support. John and I are very uneasy about raising this.

Mr. POINDEXTER. That is the exhibit I am referring to.

Mr. LIMAN. And you were uneasy about raising it because you thought you might get more restrictive legislation?

Mr. POINDEXTER. That is right, and I felt, based on my assessment of the situation, that we weren't precluded from doing that.

Mr. LIMAN. I understand that you acted in accordance with your convictions. What I am asking is, did anyone else at the NSC say, "Look, let's not tell Congress that we have this conviction about Boland not applying"?

[Counsel conferring with witness.]

Mr. POINDEXTER. I don't recall having that discussion with anybody. That was the way I felt about it.

Mr. LIMAN. I want to say something just for the record, admiral, so everyone understands it, that before anyone testified at these hearings publicly, when you testified in the private session you expressed that conviction, you made it clear that in your conduct you acted in accordance with the conviction that Boland did not apply, and you acknowledged the various activities that you have testified to here, so this is not a matter of adapting a position to a record, and you said that in your private testimony in early May.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And that is the way in which you operated with respect to the Contras, correct, and it is that belief that you were not bound by Boland that led you to conclude that you could authorize the diversion of the funds as consistent with policy and not contrary to law?

Mr. POINDEXTER. That is correct, and consistent with the other methods that were being used to finance the support for the Contras.

Mr. LIMAN. But it was——

[Counsel conferring with witness.]

Mr. LIMAN. I think that your counsel is anticipating my next question, which is, but it was your recognition that there were Members of Congress who disagreed with that interpretation that led you to believe that you could not go public with that interpretation?

Mr. BECKLER. Counsel, I could never have anticipated that question.

Mr. LIMAN. That good?

Mr. BECKLER. May we finish our conference now?

[Counsel conferring with witness.]

Chairman HAMILTON. Admiral, please, if you will suspend. The House is voting. We have had a very confusing situation in the House and a series of votes, and at the moment we are not able to maintain a quorum on the House side. I think we will be able to have that quorum in just a very few minutes. I think we shall have to declare a recess, for a few minutes, until two House Members can return. My understanding is that Mr. Liman will conclude very shortly, is that correct?

Mr. LIMAN. Yes, but in fairness, if I am going to cover the November period, I've got 20 to 25 minutes and I don't know whether you want me——

Mr. BECKLER. Mr. Chairman, my understanding is we are going to wrap up today at 5:30. I just heard Mr. Liman say something about 20 or 25 minutes. I know Mr. Liman. Twenty to 25 minutes translates into 40 or 45 minutes. We are leaving here, as I understand it from Senator Inouye, at 5:30. This has been a long day, and we would like to go home at 5:30. We will be back here tomorrow morning at 9:00 sharp.

Chairman HAMILTON. That is fine, Counsel. We understand that Admiral Poindexter has had a long day, and the committee wants to be sensitive to that. I think with the fact that the House is now voting, we should now conclude this session and will come back again at 9:00 o'clock tomorrow morning.

[Whereupon, at 5:22 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Thursday, July 16, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of John M. Poindexter

THURSDAY, JULY 16, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN
AND
SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings of the two Select Committees will come to order.

The Chair would simply like to announce that several Members of the two panels are not present today because of the Bicentennial activities celebrating the 200th anniversary of The Great Compromise and the Constitution which is taking place in Philadelphia today.

Because of that, the committees will meet only in a morning session, from 9:00 this morning until 12:00 or a little thereafter; and we will reconvene at 9:00 tomorrow morning for a full day.

We will begin this morning with a continuation of questioning by Mr. Liman.

Mr. Liman, you may proceed, sir.

CONTINUED TESTIMONY OF JOHN M. POINDEXTER, FROM JULY 15

Mr. LIMAN. Good morning, admiral.

Mr. POINDEXTER. Good morning, sir.

Mr. LIMAN. Admiral, just before the break yesterday, we were reviewing the letters which Mr. McFarlane had sent to Chairman Hamilton and to Chairman Barnes and you had testified that you would not have answered the letters the same way; and you said that—I will read it——

> I would not have answered them in the same way that Mr. McFarlane did. I would have, I think, said it in a different way and not gone into the detail that he did.

Mr. BECKLER. Mr. Chairman, if possible, I would like a copy of that. Is that yesterday's transcript?

Mr. LIMAN. You should have it. But it is page 110.

Mr. BECKLER. I should have it.

Mr. LIMAN. I don't see it there, but you should have it, and you will be given it.

Mr. BECKLER. That is what I asked for. I would like to have it given to me.

Chairman HAMILTON. Counsel, we will get it to you as promptly as we can.

Mr. LIMAN. Now, do you remember that you were uncomfortable when you first saw that letter?

Mr. POINDEXTER. Yes.

As I recall, the first time that I saw that letter was actually, I think, in the exhibits that you provided. There were extracts from it, as I recall, in the Tower Commission report and I had seen portions of it there.

Mr. LIMAN. And you are aware of the testimony of Oliver North who said he prepared it or helped prepare it, and it was wrong and misleading?

Mr. POINDEXTER. I heard that testimony.

Mr. LIMAN. Is it a fact that knowing what you did about the activities of Oliver North and the NSC, that you considered the statement that you are complying with the letter and spirit of Boland to be misleading?

Mr. POINDEXTER. As I understand your last question, Mr. Liman, you are saying that I would say that saying that the letters that said that we were complying with the letter and spirit of Boland was misleading. I haven't said that.

Mr. LIMAN. Well, do you feel that telling Congress that you were complying with the letter and spirit of Boland, given what the NSC was doing, was a misleading statement?

Mr. POINDEXTER. As I have testified yesterday, I felt that the Boland Amendment did not apply to the NSC staff and I felt that indeed we were complying with the letter and spirit of the Boland Amendment.

Mr. LIMAN. So what you're saying——

Mr. POINDEXTER. Now, it doesn't say that we are not helping the Contras. We were.

Mr. BECKLER. Mr. Chairman, I would like to object. I see this question, "what you are saying." He has said what he has said. That is on the record. I would ask to go on to a question asking what he did, what he knew, not Mr. Liman rephrasing, you know, what you are saying as putting it into his words.

We have his words on the record. I ask that that is what should stay on the record, not Mr. Liman's interpretation of it.

Chairman HAMILTON. Counsel, your objection is noted. I think our counsel, Mr. Liman, has the right to clarify his understanding of the testimony. That seems to me to be appropriate.

Counsel, you may proceed. The objection is overruled.

Mr. LIMAN. Admiral, in saying that you are complying with the letter and spirit of law, when you mean that the law doesn't apply and that you are supporting the Contras, you do not consider that to be misleading Congress?

Mr. POINDEXTER. The only thing I admit to, Mr. Liman, was withholding information from the Congress. We did not—I have not

said that we weren't helping the Contras. We were clearly helping the Contras. But we were also trying very hard to stay within the letter and spirit of Boland by keeping the other departments that were covered by the Boland Amendment out of the issue.

Mr. LIMAN. So that in saying that you are complying with the letter and spirit of Boland, what you mean is that the NSC was doing the support without the CIA?

Mr. POINDEXTER. That was my understanding.

Mr. LIMAN. And did the President understand that?

Mr. POINDEXTER. I think he did understand that.

Mr. LIMAN. What is that based on?

Mr. POINDEXTER. In a general way. He understood that the Contras were being supported and that we were involved in—generally in coordinating the effort. He was aware of the contributions from Country Two and he himself felt personally, as related to me, that it was entirely appropriate for private individuals to support the Contras and he was aware of the status of the Contras in the field, the kinds of things that he was briefed on, I think, would have made that clear.

Mr. LIMAN. Did you—I am sorry.

Mr. POINDEXTER. I was just going to add that he was not briefed on every little issue involved in coordinating this effort. As I have testified before, the items that he was briefed on were primarily in the policy area and it was a judgment call every day as to exactly what level of detail I had to get into.

That doesn't mean that we were—or that I was trying to withhold information from him. It was just a matter of giving him the information that I felt it was most important depending upon the circumstances of the day.

Mr. LIMAN. Did you brief the President on the fact that the NSC was helping the Contras?

Mr. BECKLER. Mr. Chairman, that question has been asked and answered innumerable times. I ask that we move on, please.

Chairman HAMILTON. Counsel, I think your objection is overruled just because the counsel—our counsel has the right to emphasize points that he thinks important.

Mr. LIMAN. Did you brief the President on the fact that the NSC staff was helping the Contras?

Mr. POINDEXTER. Mr. Liman, as I have testified yesterday, I am not going to answer a question in a positive way unless I can remember a specific conversation. I have told you in general what I briefed the President on, and I don't recall a specific conversation that would allow me to answer your question in an affirmative way.

Mr. LIMAN. Now—or a negative way?

Mr. POINDEXTER. Or a negative way.

Mr. LIMAN. Right. Now, admiral, when you said that you felt that Mr. McFarlane's statements were too categorical, is it a fact, sir, that in the summer of 1986, you, yourself, had to write to Congress in connection with an inquiry then about Mr. North?

Mr. BECKLER. Mr. Chairman, I am going to object, and here is the reason why. Mr. Liman said, "Isn't it a fact that you, Admiral Poindexter, said the letters were too categorical?"

Admiral Poindexter has never testified to that. In his May 2nd deposition, he said something to the effect that, "I would never have written the letters that way."

However, Mr. Liman, since May 2nd, has been trying to get Admiral Poindexter to say the letters were too categorical. We have denied that over and over and over. But he is not going to stop.

He wants to get him to say it is too categorical. He has not said that. I would ask the court—excuse me—I would ask the chairman to just bear in mind when he asks a question, he should ask the question and not put his own facts built into it.

Mr. LIMAN. Mr. Chairman?

Chairman HAMILTON. Counsel?

Mr. LIMAN. I think that Mr. Beckler is mistaken, that the witness did, in fact, say that some of the language——

Mr. BECKLER. Could we read the full question and answer?

Mr. LIMAN. Fifty-six. You can look at it and let the admiral look at it.

Chairman HAMILTON. The Chair would like to observe, counsel, that if our counsel's question does not meet with the approval of the witness, the witness can object to the way counsel has phrased the question or characterized the question.

So rather than making an objection, it seems to me the appropriate response is for the witness simply to indicate his disagreement with the premise or the predicate of the question. The witness has every right to do that.

Mr. BECKLER. Mr. Chairman, I understand the witness has a right to do that, but I also have a right to do that. I have a right as counsel for Admiral Poindexter to make objections to questions that I think are severely prejudicial and have no foundation in fact. That is my right.

In fact, it is my duty as his counsel to do that. Now, I understand he has the power and the right also to raise objections.

Chairman HAMILTON. Counsel, may I suggest to you that I understand, of course, that your experience is in a court of law and not so much before congressional hearings.

This is not a court of law. Admiral Poindexter is not on trial here. We are simply trying to elicit information from him because we believe him to be a very important witness, so that we can understand the processes of government and what happened here.

So we have a very different perspective, as I have suggested to you before. There is no effort on the part of this committee to put Admiral Poindexter on trial. We are not trying to do that.

Mr. BECKLER. Mr. Chairman, may I respond?

I understand you are not trying to put Admiral Poindexter on trial. There is, of course, somebody else who is trying to do that. This is what bears upon it. I pointed this out to Mr. Liman before.

Mr. Liman, because of the agreements he reached with the Independent Counsel—and I alluded to this yesterday in my opening argument—has in a sense—Mr. Liman has in a sense been victimized by the Independent Counsel. He has agreed with the independent counsel as to when testimony of Admiral Poindexter will be taken, as to how long that testimony will be kept shut down, as to what documents we will be given or not given in preparation for his testimony.

In fact, the device of handing me back transcripts from yesterday or—actually forget about that—the transcript from the May 2d deposition was not available until several months later. Why? Because the independent counsel said that's the way it's got to be if you are going to give him immunity.

Threaded through this entire pre-open-hearing stage there have been all kinds of agreements reached with the independent counsel which have severely hampered my client's ability to prepare himself.

We were asking the White House back in December for documents. Mr. Wallison at the White House said, "The check is in the mail," so to speak—we are sending them to you.

Weeks went by. We never got them. We wrote him a letter. We called. Never got them. Why? Because the independent counsel said the White House cannot turn over documents.

Now, finally, Mr. Liman himself told me before the May 2nd deposition that—and I mentioned this yesterday——

I want to test the admiral's credibility. I want to have him go in there cold without seeing any records.

And I said,

All right, Mr. Liman, we will do that. We will go in there cold without any records.

And we did.

But I also understood from Mr. Liman that right after that cold session was done, we were going to get to see our records, and we were going to get transcripts of that testimony. We never got any of that until the last few weeks.

Now, I am not impugning this committee by saying that you are trying to conduct a trial up here. But the long arm of the independent counsel has reached right down into the core of this committee and has structured every arrangement that we have had with this committee in terms of providing Admiral Poindexter with fair and reasonable access to the materials that he needs.

Now, he went on the line, and he has no problem saying what he has said here yesterday and today and for 5 more days, if you want to keep him here. But the idea of flipping him back to prior testimony without giving us the adequate access I think is where the Independent Counsel's hand plays in here. I want to make that clear.

Mr. RUDMAN. Mr. Chairman?

Chairman HAMILTON. Senator Rudman?

Mr. RUDMAN. Mr. Chairman, I think counsel's statement needs a couple of comments.

Number one, Mr. Liman, of course, Mr. Chairman, has no authority to make any agreement whatsoever on behalf of this committee. This committee has respected the difficult position that everyone is in and has tried to observe the proper comity between the needs of the justice system and the needs of the Congress.

There have been no agreements reached whatsoever. Every decision has been by vote of the committee. These are not decisions Arthur Liman is authorized to make. Nor have there been any agreements by the committee.

Number two, I want the record to show that every record that is within the control of the committee has been furnished to counsel for Admiral Poindexter.

And the third thing I want to observe is for reasons that I think counsel fully understands, records of those depositions were sealed by order of the committees, not Mr. Liman, and I think there has been a decided advantage to that to Admiral Poindexter because his testimony before these committees has been fresh. I think it has been candid. It has not been influenced by a number of no-sources stories over an 8-week period because the admiral obviously hasn't talked to anybody about his testimony; neither has the committee.

I think the characterization by Mr. Beckler—which I understand he's a very able lawyer, and even able lawyers occasionally go over a line of fairness—and this committee is trying to be fair to Mr. Beckler's client.

And, Mr. Beckler, if you want to respond to what I have to say, you have that right. I just want to make the observation there has been no agreement by this committee with anyone.

We have tried to observe the comity that is historical between the Congress and the Justice Department in certain kinds of situations. There is ample precedent for that in a number of congressional committees.

I just want to observe that this committee is trying to be fair with your client and we hope you will be fair with us.

Mr. BECKLER. Thank you, Senator.

Mr. NUNN. Mr. Chairman?

Chairman HAMILTON. Senator Nunn.

Mr. NUNN. Back to the objection the counsel made relating to the question posed by Mr. Liman and about whether he felt—whether Admiral Poindexter felt the McFarlane letter was too categorical, I think if counsel will simply read transcript, page 56, you will see that Admiral Poindexter has already agreed that the McFarlane letter was too categorical. So the original objection of counsel, it seems to me, is out of order and has no bearing on the counsel's point.

Mr. BECKLER. Senator Nunn, if you can direct me to that portion on page 56, where Admiral Poindexter says in his own words it was too categorical, I would like to read it.

Mr. NUNN. You had it in his own words. He agreed with Mr. Liman's description of it as being too categorical. The question says,

> And when you saw it in the Tower Commission report, you said there was some language in it which you felt was more categorical than you would have used; is that fair to say?

That is the question.

The answer: "I think that is fair to say."

Mr. BECKLER. Mr. Senator, if you have to go back—this was on the fifth—fourth day of depositions. Mr. Liman kept going over and over. And I read from page 56—excuse me—from the bottom of page 55.

> You indicated that sometime later, almost a year later, you received a copy of Mr. McFarlane's response that you thought that some of his responses were phrased more broadly than you would have, had you been the author of this letter?

That is what Admiral Poindexter repeatedly testified to before that question.

I will show you exhibit 53, which is a September 12, 1985 response to Congressman Barnes and ask you to look at it. I have only one question, whether the statement in the second paragraph, which says 'Based on this review, I want to assure you that my actions and those of my staff have been in compliance with both the spirit and the letter of the law' is one of those sentences you felt too categorical.

Answer: To correct what you said a moment ago, I don't think I have ever seen this. At some point in August of '86, I asked Commander Thompson if he had—this was in conjunction with the letter Chairman Hamilton sent me—I asked Commander Thompson if he had a response to Mr. McFarlane's letter the previous year. He said he did. I said I want to look at it. I never got around to looking at it. I have seen excerpts of this in the Tower Commission report.

And you say when you saw it in the Tower Commission report, you said there was some language in it which you felt was more categorical than you would have used; is that fair to say?

Answer: I think that is fair to say.

That question was asked over and over. My objection was that Admiral Poindexter from the beginning has testified that he wouldn't have written any letters this way. I am saying Mr. Liman for some reason wants him to use the word "categorical" and he will continually ask him over and over, "is it fair to say, is it fair to say?" That is my point.

Mr. SARBANES. Mr. Chairman?

Chairman HAMILTON. Senator Sarbanes.

Mr. SARBANES. Mr. Chairman, I want to observe that under the procedures of the committee, Admiral Poindexter is permitted to consult repeatedly with his counsel, Mr. Beckler, that this has happened frequently when a question has been put. He has been drawn aside and they have had consultation and advice before he makes the response, and, therefore, he is able to respond on the basis of his conversations with counsel.

There is no court in the country where that procedure would be permitted. The witness would be in a chair, and the questions would be put, and the witness would have to handle them on his own. The committee has extended that opportunity, and I think it is a clear mark of the fairness of the committee and an appreciation of the sensitivity in which the admiral finds himself with respect to a separate proceeding; but I simply want to note that Mr. Beckler has that opportunity and has used it frequently.

And as questions are put, time and time again, the admiral has deferred his response to the question, availed himself of the opportunity to consult with his counsel, sometimes for an extended period before he makes his response.

Chairman HAMILTON. I thank the Senator. Counsel, you used a phrase a moment ago that I must say caused me some concern. You said that the long arm of the independent counsel has reached into every activity of these committees. I just want to say to you that these committees are required by statute, when the immunity process is in order, to notify the Independent Counsel, and we have done that as the statute requires us to do so.

But I think it is quite correct to say that your statement about the long arm of the independent counsel reaching into every activity of these committees is totally and absolutely false. We do not confer with the independent counsel except as the statute requires us to do so. Your suggestion that the independent counsel is con-

trolling the activities of these Select Committees I find most disturbing, and I reject it categorically.

Now our purpose this morning is to take the testimony of Admiral Poindexter. That is what we are here for, and we would like to proceed.

Counsel?

Mr. LIMAN. Admiral Poindexter, would you look at exhibit 14?

Mr. POINDEXTER. Yes, I have it and I just read it.

Mr. LIMAN. Is that a letter that you sent to Chairman Hamilton as a result of an inquiry into Colonel North's activities in support of the Contras?

Mr. POINDEXTER. It is a letter I wrote, but the description of it I would make differently.

Some time in the late summer of 1986 a resolution was introduced into the House, a resolution of inquiry. It was referred by the House legislative process to three committees of the House. It was referred to the House Permanent Select Committee on Intelligence, the House Armed Service Committee, and the House Foreign Relations Committee. All three of those chairmen as I recall wrote to me and asked the administration's position on the resolution.

The administration was against the resolution. These letters were written back to the chairmen to provide the administration position on the resolution of inquiry that had been introduced. That resolution was later, I am not sure of the right term but think tabled, or it was killed.

Mr. LIMAN. Was the inquiry that the resolution was directed to an inquiry into the activities of Colonel North and the NSC staff in support of the Contras?

Mr. POINDEXTER. I can't remember the exact wording of the resolution, but it was something close to that.

Mr. LIMAN. When you sent this letter to Chairman Hamilton, did you intend him to rely upon your word as expressed in that letter?

Mr. POINDEXTER. I intended to answer the question and give the administration position that we were opposed to the resolution and that the questions had been addressed by Mr. McFarlane in the previous year.

Mr. LIMAN. Did you intend for Chairman Hamilton to rely upon your word as expressed in that letter?

Mr. POINDEXTER. I intended for Chairman Hamilton to not vote for or put out a report from his committee that was in favor of the resolution. As it turns out, the House Armed Services Committee addressed the issue first and they voted to not recommend the resolution.

I am not an expert on congressional procedures, so I may be using the wrong terms, but the House Armed Services Committee put out a negative report. Later in the month, Chairman Hamilton called me and indicated that the House Armed Services Committee had put out a negative report and under the rules of the House that really was all that needed to be done.

There was no further action that was required, but that he thought that it would be helpful if the House Intelligence Committee had an opportunity to talk to Colonel North in an informal way.

He said that he was not personally going to push the issue, and we had a discussion about the various forums that could be used for such a meeting.

I made the point as I recall that I didn't want to establish the precedent of a NSC staff officer testifying before a congressional committee because the White House, this White House and previous White Houses, have been very strong on the point that they didn't want the Presidential staff, the personal staff of the President testifying on the Hill and we did not want to set a precedent; and after some discussion with the chairman and with my staff, it was agreed that Colonel North could informally meet with the committee in the Situation Room and that was acceptable to Chairman Hamilton and that took place.

But this was all after the resolution of inquiry was essentially killed.

Mr. LIMAN. Do you believe that you cannot answer my question as to whether you intended Chairman Hamilton to rely upon your word with a yes or no answer?

Mr. POINDEXTER. I intended to withhold information from Chairman Hamilton, which I did, which I admitted to yesterday. I wanted to withhold information on the NSC operational activities in support of the Contras from most everybody.

Mr. LIMAN. Let me read this letter. It says, "This is in reply to your letter to the President of June 25, 1986, requesting comments on H. Res. 485 relating to the allegations of improper activities by members of the National Security Council staff in support of the Nicaragua Resistance—the administration strongly opposes enactment of the resolution."

Now, in that sentence, you stated the administration position that it opposed the resolution.

Mr. POINDEXTER. Yes, we opposed it very vigorously.

Mr. LIMAN. Now, you went on to say:

> Last fall in an effort to cooperate with Chairman Barnes, my predecessor Robert C. McFarlane met with members of your committee and the House Foreign Affairs Committee. While I did not participate in these discussions, I understand that information on the specific issues raised in H. Res. 485 was provided to your committee and that this information made it clear that the actions of the National Security Council staff were in compliance with both the spirit and letter of the law regarding support of the Nicaragua Resistance. Thank you for the opportunity to comment on H. Res. 485.
>
> I have forwarded similar letters to Chairman Fascell and Chairman Aspin and sincerely hope this matter can finally be put to rest.

Did you write that letter, sir?

Mr. POINDEXTER. I didn't write it, but I signed it. My staff prepared it for me.

Mr. LIMAN. When you signed that letter, did you agree with the statements in it?

Mr. POINDEXTER. Yes. And I still do. I think it is an accurate letter. It doesn't tell everything, it withholds information, but it is accurate.

Mr. LIMAN. Did you intend to associate yourself with Mr. McFarlane's statement that the staff was in compliance with the letter and spirit of the law? Or were you just simply repeating his statement? What was your intent in that language?

Mr. POINDEXTER. Mr. Liman, I am not sure I understand your question.

Mr. LIMAN. Did you intend in sending this letter to associate yourself with the statement that the National Security Council staff was in compliance with both the spirit and letter of the law?

Mr. POINDEXTER. Mr. Liman, as I have testified yesterday and today, I have always felt that the Boland Amendment did not apply to the NSC staff and that the NSC staff was complying with the letter and spirit of the law. The letter says what it says. I think it is accurate. It withholds information, it clearly withholds information.

Mr. LIMAN. Is one of the facts it withholds that you felt that Boland did not apply to the NSC staff?

Mr. POINDEXTER. It withholds that information, yes.

Mr. LIMAN. Now, when you say that you always felt that the NSC staff wasn't covered by Boland, is it a fact, sir, that at a time when a proposal was made in 1985 by Colonel North to sink the *Monimbo*, you wrote a note that this couldn't be done because of Boland?

Mr. POINDEXTER. No, that is not an accurate description of that note, Mr. Liman, and I think you know that.

Mr. BECKLER. May we have a copy of that note, please?

Mr. LIMAN. It is an exhibit.

Mr. BECKLER. May I have the exhibit number?

Mr. LIMAN. Exhibit 6. And I would like to go over it with you.

Mr. BECKLER. Are you referring to the one-page handwritten——

Mr. LIMAN. No, exhibit 6 is actually several pages, and it is so in your book.

Mr. BECKLER. Mr. Chairman, I would like to take a minute here to read this.

Chairman HAMILTON. You may do so.

Mr. LIMAN. May the record reflect, Mr. Chairman, this is an exhibit that they have seen before, that they have been given access to it, and they should look at it now because they have been given access to lots of documents.

Mr. BECKLER. I am going to let that one pass by. I think I have a right to spend a few minutes with my client looking at a 5-page exhibit.

Mr. LIMAN. I agree.

Chairman HAMILTON. The Chair indicated you have that right, sir.

Mr. POINDEXTER. Mr. Liman, I have refreshed my memory on that now.

Mr. LIMAN. If you look at this memorandum, and I will give you a chance to make a statement, but I would like some questions answered first.

Mr. BECKLER. I resent that remark. He has answered questions. Do you disagree with that, Mr. Liman, that this witness is not answering your questions?

Mr. LIMAN. He is answering my questions.

Chairman HAMILTON. Counsel, may I remind you to address your remarks to the chair, please.

Mr. BECKLER. I am very sorry.

Chairman HAMILTON. May I remind you we have a microphone. We hear very well. If you speak directly into the microphone, we can hear you.

Mr. BECKLER. Thank you.

Mr. LIMAN. Did Colonel—withdraw that.

This is a memorandum relating to a ship that was going to be delivering arms to the Sandinistas.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. And Colonel North sent a memorandum to Mr. McFarlane and you were one of the people who got a copy of it, correct?

Mr. POINDEXTER. That is correct. Actually, it came through me, I believe.

Mr. LIMAN. And Colonel North recommended under the recommendation, and I will read it, "that you", referring to Mr. McFarlane, "authorize Calero to be provided with the information on *Monimbo* and approached on the matter of seizing or sinking the ship."

Then there is a notation or a typed thing for approve or disapprove, which is not checked, and is the handwriting there yours?

Mr. POINDEXTER. That is mine.

Mr. LIMAN. And it says, "We need to take action to make sure ship does not arrive in Nicaragua," and then that is your initials, "J.P.".

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Now, on the first—if you will turn to the sheet that is the beginning of the exhibit, it has a date of February 7 on it, which is the day after the date of the memo.

Mr. POINDEXTER. Right.

Mr. LIMAN. And is that a buck slip that you sent to Mr. McFarlane passing on this memorandum?

Mr. POINDEXTER. That is correct. That is correct. It is just a short cover note.

Mr. LIMAN. And am I reading your writing correctly?

Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters, I would readily recommend I bring this up at the CPPG meeting at two o'clock today. Of course, we could discuss it from the standpoint of keeping the arms from Nicaragua without any involvement of Calero and Freedom Fighters. What do you think? J.P.

Is that your writing?

Mr. POINDEXTER. It is.

Mr. LIMAN. In the sentence that says "Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters", was the prohibition that you were referring to the Boland Amendment?

Mr. POINDEXTER. It was.

Mr. LIMAN. Now, did you ever ask the Attorney General of the United States for his opinion on whether the Boland Amendment applied to the NSC?

Mr. POINDEXTER. Now, wait a minute, Mr. Liman. You said you were going to give me an opportunity to make a statement on this note, and I think you are passing that by at this point. I would like to explain that note.

I have answered your questions. I have answered them truthfully. Now I would like to provide an explanation as to what that note means.

Mr. LIMAN. Please proceed.

Mr. POINDEXTER. What that note means is exactly what I have been saying all along, that we were doing everything we could to make sure that we complied with the letter and spirit of the Boland Amendment. We did not want to—I did not want to discuss these issues with anybody to which the Boland Amendment applied. That was the State Department, the CIA and the Defense Department. The CPPG is a crisis, pre-planning group which I chaired as the Deputy Assistant Secretary or Assistant to the President for National Security Affairs.

And on that group I had representatives from the CIA, from the State Department and from the Defense Department. So what I meant in that note, and I think it is very clear once you understand the background, is that I didn't—except for the Boland Amendment applying to these other guys, we could discuss it, but we couldn't discuss it in those terms because the Boland Amendment applied to them. It did not apply to the NSC staff.

Mr. LIMAN. Did Colonel North ask the NSC to provide information to Calero on the *Monimbo*?

Mr. POINDEXTER. Would you repeat your last question?

Mr. LIMAN. Was Colonel North seeking permission for him to provide information on the *Monimbo* to Calero? Isn't that what he was saying?

Mr. POINDEXTER. That was the request that he was making.

There's some other points that I want to make, though, and that is that in that first sentence where I say, "except for the prohibition of the Intelligence Community," and what I'm referring to there is that's the Boland Amendment applying to the CIA, the State Department and the Defense Department. And because those people were going to be involved in the meeting, I didn't think it would be appropriate to discuss that issue.

Now, one of our objectives in the Central American program, which was covered in very early Findings that the President signed in 1981 and 1982, I think, one of our objectives was to stop the arms flow into Nicaragua so that we would reduce the arms flow into El Salvador and Honduras and the surrounding countries. And so from that standpoint of stopping the arms flow, I felt that that was something that could be discussed.

Mr. LIMAN. I've just heard your testimony, which was that it would have been a violation of Boland for you to discuss this with the CIA and State Department and the Defense Department, correct?

Mr. POINDEXTER. That's correct.

Mr. LIMAN. But you considered it consistent with the letter and spirit of Boland for you to provide that information on the ship?

Mr. POINDEXTER. I did not have any problem with it. As it turns out, I can't remember exactly what happened here, but the plan was never executed.

Mr. LIMAN. You've testified that one of your duties was to implement Presidential policies on national security.

Mr. POINDEXTER. That's correct.

Mr. LIMAN. Did that include the National Security Directive 159?

Mr. POINDEXTER. Would you refresh my memory on the subject of that?

Mr. LIMAN. That's the directive that says that if any agency other than the CIA is to undertake certain covert operations, that the President should designate that agency. Do you recall that? I can show it to you. It's an exhibit.

Mr. POINDEXTER. May I see that, please?

Mr. BECKLER. What number is it?

Mr. LIMAN. It's exhibit 101. And let me just read to you:

> In accordance with Executive Order 1233, the Central Intelligence Agency shall conduct covert actions unless the President specifically designates another agency of government.

Were you familiar with that provision?

Mr. POINDEXTER. Yes. In fact, as I recall, I participated in the drafting of that NSDD, because one of the features of it, I think, was that this sets up a group that I chaired, which is covered, I guess, in another part of it that you don't have here.

Mr. LIMAN. Did the President of the United States ever designate the NSC to undertake the activities in support of the Contras that you have testified the NSC was doing?

Mr. POINDEXTER. Let me make this clear. As I testified yesterday, the word "covert action" is not a statutory term. I would not necessarily have characterized the NSC support for the Contra activity as a covert action.

The covert actions used in most cases is a shorthand term for the statutory language in the Hughes-Ryan Act of special activities of the intelligence community, those activities that are not involved in intelligence collection and analysis.

The Hughes-Ryan Act, or amendment to the National Security Act applies to the intelligence community. Executive Order 1233 applies to the intelligence community. This NSDD prescribes the procedures to be followed by the administration to carry out the provisions of the Hughes-Ryan amendment to the National Security Act. The NSC staff is not covered in any of that.

Mr. LIMAN. Can you answer the question now? Did the President designate the NSC to conduct the activities in support of the Contras that you have described in your testimony yesterday?

[Witness conferring with counsel.]

Mr. POINDEXTER. In effect, he did, Mr. Liman, but not through a Finding. A Finding was not required.

Mr. LIMAN. I'm not talking about a Finding. You said, in effect.

Mr. POINDEXTER. I want to make it clear, as I said yesterday and as Mr. McFarlane has testified, the President in effect wanted the National Security Council to make sure that the Contras remained alive until we could turn the vote around in the Congress and return to a program that was supported with appropriated funds.

Mr. LIMAN. When we're talking about the President of the United States, I think we would both agree that we shouldn't talk about what he did in effect.

Did the President ever designate in words, in substantive words, the NSC to conduct the activities in support of the Contras that you described yesterday?

Mr. POINDEXTER. I would not characterize it that way at all. As I said, if you take the totality of the President's actions, that was clearly his intent.

Mr. LIMAN. But you did not state that in words?

Mr. BECKLER. May I ask the witness be allowed to finish his answer before Mr. Liman gives his preordained conclusion?

Chairman HAMILTON. The witness may respond.

Mr. POINDEXTER. There was no written Finding on this activity because none was required.

Mr. LIMAN. Was there an oral designation by the President to the NSC to carry on the activities that you have described?

Mr. POINDEXTER. There was not a specific designation that you are trying to define that I know about.

Mr. LIMAN. Are you saying that you understood the President to want the NSC to do that?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Now, you raised some questions about definition of covert actions.

Mr. POINDEXTER. Yes.

Mr. LIMAN. Is it true that your support for the Contras was intended to be covert?

Mr. POINDEXTER. Covert in the sense of being secret. That doesn't mean that it is covert as usually accepted as referring to special activities of the intelligence community.

Mr. LIMAN. And you would also agree that they were actions that the NSC staff was taking in the form of Colonel North, not just PROF notes?

Mr. POINDEXTER. They were very clearly actions. I have testified to that before. Colonel North was essentially the switching point that made the operation work after the Boland Amendment.

Mr. BECKLER. Mr. Chairman, this line of questioning, we have been over this. I thought yesterday we spent a great deal of time discussing what was authorized and what was not. I would ask that counsel move on.

Mr. LIMAN. At page 24, III-24 of the Tower Report, referring to the President, they say,

> The President told the Board on January 26, 1987, that he did not know that the NSC staff was engaged in helping the Contras. The Board is aware——

Mr. POINDEXTER. Excuse me. Could you tell us where on page 24?

Mr. LIMAN. Page 3, roman numeral III, 24, last paragraph. I will read it again.

Mr. BECKLER. Roman numeral III, 24.

Mr. LIMAN. Yes.

> The President told the Board on January 26, 1987 that he did not know the NSC staff was engaged in helping the Contras. The Board is aware of no evidence to suggest that the President was aware of Lt. Col. North's activities.

Now, can you shed any light on the statement that the President did not know that the NSC staff was engaged in helping the Contras based on your briefings, sir?

Mr. POINDEXTER. I don't, I have not talked to the President, Mr. Liman, since I left the White House on the 25th of November. I have not discussed this issue with him. I don't know exactly how

the question was phrased or exactly what the President had in mind when he provided that answer.

My understanding is that since that time, he has modified that position a little bit.

Mr. LIMAN. And one of your duties as National Security Adviser you said was to brief the President. Did you brief the President about the fact that the NSC staff was, to use the words of the Tower Report, helping the Contras?

Mr. POINDEXTER. Again, as I testified yesterday, I want to be very careful, and I want to recall a specific conversation with the President before I would answer that in an affirmative way. I do not recall a specific conversation in that regard, but I don't think that's unusual, because I would not get into the details with the President as to who was doing what. The President knew that there was a Boland Amendment, he knew there were restrictions on the government. As he has said, I think, since November of 1986, that he did not feel that the Boland Amendment applied to his personal staff and that that was his feeling all along. I knew that.

He knew the Contras were being supported, and we simply didn't get into the details of exactly who was doing what. He understood that Colonel North was the chief action officer on Central America, Colonel North was always there when there were briefings in detail as to what was happening in Central America. Colonel North was there with various foreign officials that were involved, and so the President, I think clearly associated with it.

Now, you know, the President doesn't recall apparently a specific briefing in which I laid out in great detail all of the ways that we were going about implementing the President's policy, and I frankly don't find that surprising. It would not, frankly, at that time have been a matter of great interest as to exactly how we were implementing the President's policy.

Mr. LIMAN. But yesterday, in explaining why you felt that the authorization of the diversion by you was consistent with the President's policies and with something—that had you told him, he would have approved, you were basing that on your discussions with the President.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. Not discussions of the diversion which make it clear.

Mr. POINDEXTER. No.

Mr. LIMAN. But discussions of supporting the Contras.

Mr. POINDEXTER. That is correct.

Mr. LIMAN. To come back to the question that I asked before, did you ever ask the opinion of the Attorney General on whether the Boland Amendment applied to the NSC?

Mr. POINDEXTER. Not in any sort of formal way.

Mr. LIMAN. Even informally?

Mr. POINDEXTER. I can't recall. We conceivably could have discussed the Boland Amendment at various points, but I don't have a sharp recollection of that.

Mr. LIMAN. Do you have any recollection of the Attorney General telling you that the NSC staff was free from the prohibitions of the Boland Amendment?

Mr. POINDEXTER. I don't have any clear recollection of that. But also, I don't have any recollection that he said that it applied to the NSC staff.

Mr. LIMAN. Did you ever tell the Attorney General that the NSC staff was assisting the Contras?

Mr. POINDEXTER. No. I don't recall that.

Mr. LIMAN. During your tenure as both deputy and National Security Adviser, the President had two persons who served in the Office of Counsel to the President; correct?

Mr. POINDEXTER. Yes. Mr. Fielding and Mr. Wallison.

Mr. LIMAN. And the NSC is part of the President's staff?

Mr. POINDEXTER. It is part of the Executive Office of the President, right.

Mr. LIMAN. Did you ever seek the opinion of either Mr. Fielding or Mr. Wallison as to whether the NSC was covered by the Boland Amendment?

Mr. POINDEXTER. I personally did not. I am not sure about the rest of my staff, whether they did or not. I must say that we seldom referred to any issues—referred any issues to the White House Counsel.

Mr. LIMAN. Did anyone tell you that their views had been sought?

Mr. POINDEXTER. I don't recall. Commander Thompson was the General Counsel of the staff at the time and he was the usual contact with Mr. Fielding's office or Mr. Wallison's office.

Mr. LIMAN. I think everyone noted that the letter that I read to you which you sent to Chairman Hamilton was in response to a letter that was addressed to the President of the United States?

Mr. POINDEXTER. Yes.

Mr. LIMAN. Did you show your response to that letter to the President of the United States?

Mr. POINDEXTER. Probably not.

Mr. LIMAN. Did you discuss with the President what your response was?

Mr. POINDEXTER. I think in general terms, I probably did. I probably told him about the resolution of inquiry and told him that we were opposed to it. He agreed.

Mr. LIMAN. Did you tell him that you were going to be indicating that you were in compliance with letter and spirit of Boland?

Mr. POINDEXTER. I don't recall the conversation specifically.

Mr. LIMAN. Did you review that letter with the Chief of Staff, Don Regan?

Mr. POINDEXTER. I did not. The staff may have. The letter—letters addressed to the President from Members of Congress come into the Legislative Affairs Office headed up by Will Ball during this timeframe and the letter is then tasked out and Will's staff and mine work together to get the appropriate clearances.

When the clearances came in, the letter was sent to me to sign, and I signed it, because I felt it was accurate and I thought the staff had done a good job of staffing it.

Mr. LIMAN. And you said that the letter was prepared for you by someone. Was it prepared for you by Colonel North?

Mr. POINDEXTER. I don't know that.

Mr. LIMAN. Now you also testified earlier about the fact that Colonel North submitted to an interview?

Mr. POINDEXTER. He did.

Mr. LIMAN. And Colonel North has said that in that interview, he gave answers that were evasive and wrong. You have heard that testimony?

Mr. POINDEXTER. I heard his testimony last week.

Mr. LIMAN. Did you, in fact—and you can look at exhibit 15—receive a report on what Colonel North told Congress in his interview? Is that a PROF note you received?

Mr. POINDEXTER. Yes, it is a PROF note from Mr. Pearson, who was the Deputy Executive Secretary of the staff.

Mr. LIMAN. It indicated that Oliver North covered some points, correct? Indicated various things that he had said in substance.

Mr. POINDEXTER. It starts off by saying—in fact, I think it might be helpful to read it.

Mr. LIMAN. I will.

Session was success—Hamilton will entertain motion soonest to report unfavorably on Resolution of Inquiry and made clear believes that HPSCI—the Intelligence Committee of the House—can turn aside future offers of similar resolutions. North's remarks were thorough and convincing. Hamilton underlined his appreciation to admiral and to—

us, I think—

for full cooperation.

Mr. BECKLER. I think it is "to Bud."

Mr. LIMAN.

To Bud for full cooperation offered by NSC. He restated that there were no facts uncovered by or known to HPSCI to substantiate the allegations in the Resolution of Inquiry or media reports on North's activities.

In response to specific questions, Ollie covered following points:

"Contact with FDN and UNO"—which are Resistance organizations—

aimed to foster viable, democratic political strategy for Nicaraguan opposition, gave no military advice, knew of no specific military operations.

Singlaub—gave no advice, has had no contact in 20 months; Owen—never worked from Oliver North's office, Oliver North had casual contact, never provided Owen guidance.

Then it says,

Threats/harassment—in response to question, Oliver North recounted incidents of harassment/threats prior to 1985 vote and again prior to 1986 vote, speculated that possibly due in part to active measures effort.

Now, North testified that these statements about Singlaub and about Owen and about the fact that he knew of no military—specific military operations and what else he had said to the committee were wrong and misleading.

Is it a fact, sir, that in response to this note from Mr. Pearson, that you had a two-word response: "Well done"?

Mr. POINDEXTER. I responded by forwarding a copy of Mr. Pearson's note to me to Colonel North and I did tell him, "Well done." "Well done" meant that I was pleased that the session was a success and that Chairman Hamilton seemed satisfied.

Our objective here all along was to withhold information. There is no question about that. And that was my intent all along. I had

talked to Colonel North after talking to Chairman Hamilton and asking if he could meet with the committee, and he said that he could, and he could handle it. There had been a lot of false allegations in the press.

I expected Colonel North to be very careful in answering the specific questions. I thought he could knock down a lot of the issues by being truthful. By reading the summary in this note, I didn't attach any great significance to it because I knew that the questions and answers would be very carefully crafted.

I did not have any indication at this point that Colonel North had made a false statement. I expected him to withhold information. In fact, I am still not sure to this day, if you looked at the questions and the answers that he gave, whether you would conclude that there were false statements.

Mr. LIMAN. Did you think that the most effective way of knocking down false allegations about Colonel North's activities was by withholding information, the words you just used?

Mr. POINDEXTER. Yes. I thought that was an effective way of doing it.

Mr. LIMAN. Now let's move on.

There were three arms transactions that actually took place pursuant to the January 17 Finding: the thousand TOWs in February, the HAWK parts which were paid for in May, and then the 500 TOWs that were shipped to the second channel in October; correct?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. All right.

And each of these transactions was approved by you?

Mr. POINDEXTER. That is correct, and the President.

Mr. LIMAN. And by the President?

Were there briefing notes or memoranda that you received from Colonel North on each of these transactions?

Mr. POINDEXTER. There were lots of notes and PROF notes from Colonel North. I can't recall all of them, but I would think that most of them were covered by either hard copy written memos or notes or PROF notes.

Mr. LIMAN. Well, was it Colonel North's practice to prepare a briefing memorandum to you when you had to get the President's approval for a transaction such as the arms transactions we are talking about?

Mr. POINDEXTER. That was his normal practice.

Mr. LIMAN. And how would you brief the President? Orally or by giving him a copy of the memorandum?

Mr. POINDEXTER. Usually orally. I would use the paper that Colonel North prepared as talking points and if it was very detailed and I thought that the President might be interested in it, I would sometimes read it, but more often, I would summarize it.

Mr. LIMAN. Now, Colonel North said that in each of these memoranda that related to the arms transfers, he described how the residuals would be used for the support of the Contras.

Do you recall that, sir?

Mr. POINDEXTER. I recall his testimony. I do not recall the memos.

Mr. LIMAN. We do not have—I will say this as a fact—we do not have a single one of the memoranda for those transactions except

the draft memos that he prepared in April for a transaction that didn't happen and was then restructured in May. And, therefore, I haven't been able to show you any of those memos.

Do you, sir, know what happened, personally know what happened to those memos?

Mr. POINDEXTER. I do not. You do have some exhibits, though, that address next steps. They don't address diversion.

Mr. LIMAN. They don't?

Mr. POINDEXTER. I think you have at least one that has a specific note on it from me that I briefed the President and he has approved.

Mr. LIMAN. But those were next step memos on the initiative?

Mr. POINDEXTER. That is correct. They didn't say anything about the diversion.

Mr. LIMAN. No. But they also—we do not have any of the memos that describe as did that draft April memo, the transaction that was about to take place and that the President and you approved. Those memos are gone. Colonel North said they have all been shredded.

I was asking you if you had any personal knowledge on that fact?

Mr. POINDEXTER. I do not.

Mr. LIMAN. Now, did you believe that all of what is—what Colonel North called the residuals, called the profits, were going to be used for the Contras?

Mr. POINDEXTER. That was my understanding.

Mr. LIMAN. And did you ever ask Colonel North how much money these sales were generating for the Contras?

Mr. POINDEXTER. No. I never did.

Mr. LIMAN. Did he ever tell you?

Mr. POINDEXTER. Not that I can recall.

Mr. LIMAN. Was there a reason why you didn't ask him how much money we are getting for the Contras out of these sales?

Mr. POINDEXTER. Your question was, did I ask him?

Mr. LIMAN. My question was, why didn't you, given your interest in the financing of the Contras, which you expressed and you have explained why you were interested in it? Why didn't you ask Colonel North, "How much are we getting out of these sales for the Contras?"

Mr. POINDEXTER. I don't recall, frankly, ever thinking about that. I knew that the arms sales were going through. I had a rough idea of the amount of money involved from the early discussion in February. I knew that a portion of that would go, but with all of the other issues that I was involved with during the year, I simply didn't get into that detail of micromanagement of the project that Colonel North was working on. I told you that was not my style.

Mr. LIMAN. And I take it from that answer, that even though there was an NSPG meeting dedicated to raising $15 million from third countries for the Contras, you regarded it as micromanagement to ask Colonel North how much we are getting out of these arms sales for the Contras?

Mr. POINDEXTER. As I told you yesterday, I did not have an opportunity before that NSPG meeting to talk to Colonel North. He often wanted to come to see me when I didn't have time. I think he got very frustrated with it.

Mr. LIMAN. What about afterward?

Mr. POINDEXTER. Afterwards he did send me a PROF note, which you have as an exhibit.

Mr. LIMAN. Which had $6 million?

Mr. POINDEXTER. Which has $6 million in it.

Mr. LIMAN. Apart from that PROF note, did you ever ask him, "How much have we gotten for the Contras out of all these sales?"

Mr. POINDEXTER. I am sorry?

Mr. LIMAN. I take it—you have already said that you never asked him after that memo, "How much have actually gotten for the Contras out of all these sales"? That you have already said.

Mr. POINDEXTER. Yes. I don't recall asking him.

Mr. LIMAN. OK.

Now, the—Colonel North has testified about the threats to his life, and I think everyone was very moved by that. Are you the person who turned down his request for a security system?

Mr. POINDEXTER. Well——

Mr. BECKLER. Mr. Liman, we have been accused of all kinds of things. Is there a more delicate way you could phrase that?

Mr. LIMAN. Yes. I can phrase it: Did Colonel North request a security system?

Mr. POINDEXTER. I don't recall his requesting one, but I am certain that he did. The one regret I have, after hearing Colonel North's testimony about that, is that I didn't follow up on it personally.

I was aware of the Abu Nidal threat against Colonel North. I have a vague recollection that he came to me and indicated his concern; and my recollection is I asked him to speak to one of my assistants. It was probably Rod McDaniel, the executive secretary, or possibly Commander Thompson, my military assistant. And asked Ollie to talk to them about the problem and see what could be worked out.

I don't recall following up on it. As I say, I regret that I didn't, and I suspect Colonel North thought at the time that I wasn't concerned enough about the security of him and his family. I should have been.

Mr. LIMAN. Did he take it up with you personally after the—after it got lost in the NSC?

Mr. POINDEXTER. He may have. I don't recall it.

Mr. LIMAN. You just don't remember?

Do you remember that after the Hasenfus plane went down that Mr. DeGraffenreid of the NSC came to you with some documents or talked to you about some documents?

Mr. POINDEXTER. Yes. As I testified to you before——

Mr. LIMAN. That is privately. You are talking about when you testified before, not yesterday?

Mr. POINDEXTER. That's right. It was on the 2nd of May.

In trying to recall what I knew about any destruction of documents, I did recall that sometime—and I believe it was in October—Mr. DeGraffenreid, who was the Special Assistant to the President for Intelligence Affairs, came to me and indicated his concern about Colonel North's exposure as alleged in the newspapers at that time; primarily, as I recall, it was connected with various allegations about the Hasenfus aircraft.

Mr. DeGraffenreid asked me if I recalled that there were some memoranda in System 4, which this committee has had explained to it before, I think, that talked about some of Colonel North's activities, and I told Mr. DeGraffenreid that I had a vague recollection of some memos in System 4 from back in 1984, 1985, that I could recall that Colonel North had prepared to give Mr. McFarlane, updates on the logistics and supply situation for the Contras and the financing status, but I couldn't remember much about the memos.

Mr. DeGraffenreid indicated his concern about the existence of those. I told him that I frankly couldn't remember the memos very well, that they probably did reveal too much, and that he should go talk to Colonel North about them.

The clear implication both from my end of it and from Mr. DeGraffenreid's end of it was that we probably would be better off without those memos.

Mr. LIMAN. And did you ever tell Mr. DeGraffenreid—well, you've already said what you told him. The intent of your remarks was that those memos should be gotten rid of?

Mr. POINDEXTER. I don't recall the exact wording I used, but that was the clear intent of his question and my answer.

Mr. LIMAN. And did you know how to get System 4 documents out of the computers so that they would leave no traces?

I know you are a computer expert. You told me that. And it's your hobby. Are you an expert in getting them out of System 4?

Mr. POINDEXTER. Not that particular system. System—what I think you are referring to is that System 4 had—well, all of the numbered systems had computer-based indexes, but I'm not familiar with the software for that.

Mr. LIMAN. Did you ever either erase anything from that computer-based index of System 4?

Mr. POINDEXTER. I did not.

Mr. LIMAN. Or instruct anyone to erase something from that?

Mr. POINDEXTER. No, I did not.

Mr. LIMAN. Did you know until these hearings or publicity surrounding them, that Colonel North had altered System 4 documents?

Mr. POINDEXTER. I was unaware of that.

Mr. LIMAN. He never told you?

Mr. POINDEXTER. That's correct.

Mr. LIMAN. And who were you trying to protect when you made the remarks the clear intent of which was to get rid of these System 4 documents?

Mr. POINDEXTER. As I have said all along, we were trying to protect the Contra support activity that the NSC staff was involved with. We didn't want that public.

Mr. LIMAN. Now, there then came a time when the Iran initiative was disclosed first in Lebanon and then it became the subject of a great deal of controversy in the United States?

Mr. POINDEXTER. Yes.

Mr. LIMAN. And did you request that chronologies be prepared?

Mr. POINDEXTER. I did.

Mr. LIMAN. Are you aware of Colonel North's testimony last week that you were—these were his words—"witting" of the fact—

"witting" is his word—of the fact that these chronologies were being falsified to cover up the United States' involvement in the Israeli TOW shipments in September and the HAWKs transactions?

Mr. POINDEXTER. Mr. Liman, as again I have testified on May 2nd, I was aware that the chronologies were inaccurate. I have testified to that before.

I also was not sure what the right answer was. There was a great deal of confusion in November of 1986 as to what had actually transpired in all of these events. And when we were on the west coast—when I was on the west coast with the President election day and the story in Al Shiraa came out, I realized that we needed to prepare a chronology or a narrative as to what had actually transpired in the whole project; and shortly upon returning to Washington, I tasked Colonel North to prepare a chronology of the facts.

I specifically told him to leave out the transfer of funds to the Contras. I considered that a separate issue, and that—at that time we didn't feel would leak out or be connected, so I didn't want that issue in the chronology. But I expected the rest of it to be accurate.

Colonel—I also told Colonel North to talk to Mr. McFarlane about it because he was the one that was intimately involved in the early phases. I was very fuzzy at that point on the actions of July, August, September, October, and November of 1985.

Mr. LIMAN. Did you, other than the instruction to leave out the diversion, did you ask him to make these chronologies inaccurate with respect to the United States' involvement in the Israeli shipments?

Mr. POINDEXTER. To answer your specific question, Mr. Liman, I did not.

The problem that we had was that at that point, we didn't realize—I certainly didn't realize, and I don't think Colonel North realized we had all of these old PROF notes. We had purposely limited the amount of paper on the issue, and I was very fuzzy on the initial stages. The chronology went through many, many drafts. I saw some of them.

I invited Mr. McFarlane to lunch at the White House on the 18th. The specific reason for inviting him to lunch was to encourage him to prepare a memorandum for record as to what had happened in the early stages of the project. I had asked Colonel North to do that earlier, and very frankly, Colonel North was having some difficulty in getting Mr. McFarlane to recall exactly what had happened.

Mr. LIMAN. You said that you were aware that the chronologies were inaccurate in some respects?

Mr. POINDEXTER. Yes. That's correct. Some versions and some aspects.

Mr. BECKLER. Mr. Chairman, I just want to make clear that when we talk about chronologies, this is the stack of chronologies. I'm not sure if these are all of these, but they are not all inaccurate.

I think if we are going to talk about inaccurate chronologies, it might be helpful to talk specifically about which one. There are

many, many references in these chronologies to the shipments in some that are not in others.

Mr. LIMAN. Mr. Beckler, let me just summarize that the chronologies went from early ones, which Colonel North has testified to, which were essentially accurate, saying that the United States had approved or acquiesced in the Israeli shipment of TOWs, described the HAWKs transactions, to the last ones which said that the United States had objected to the Israeli TOW shipments and indicated that the November shipment, to the United States' knowledge, involved oil-drilling equipment.

My question of you, sir, is, when you just said a moment ago you were aware that there were inaccuracies, what did you have in your mind?

Mr. POINDEXTER. What I had in my mind was that the section in the last version that was prepared before Colonel North and I left—and I think it is dated the 20th of November, as I recall—the section about the HAWKs I felt was inaccurate at the time, in November of 1986.

Mr. LIMAN. Now, admiral——

Mr. POINDEXTER. The problem was that I didn't know what the right answer was at that time.

Mr. LIMAN. Did anybody at the White House ask you to prepare inaccurate chronologies?

Mr. POINDEXTER. Absolutely not. That was not my objective and nobody suggested that.

Mr. LIMAN. No one gave you that charge?

Mr. POINDEXTER. Nobody.

Mr. LIMAN. You have heard from following these proceedings, testimony by Mr. Cooper, then by Mr.—by Colonel North about the meeting in your office or at the White House on November 20?

Mr. POINDEXTER. Right.

Mr. LIMAN. On November 20, did you meet with Mr. Casey, the Attorney General, Mr. Cooper, Colonel North, and Mr. Gates in order to discuss Mr. Casey's upcoming testimony before the Intelligence Committees and your briefing by that—your briefing to those committees?

Mr. POINDEXTER. Early in the month of November——

Mr. LIMAN. Did you have that meeting?

Mr. POINDEXTER. We had that meeting. I want to tell you how it came about. Early in November Ed Meese called me and indicated that he wanted to be helpful in—he recognized at that point eventually we were going to have to go public or at least brief the congressional committees on the Finding, and he wanted to offer his assistance in doing that.

I had several conversations over the month with Ed, and finally the week of 17 November, the President up to that point had taken the position, which I certainly fully supported, was that we would still try to protect as much of the information about the project as possible. The President felt, and I agreed with him, that we still had an opportunity to get some of the hostages out and we wanted to salvage what we could of the second channel.

But the week of the 17th it became more and more clear that we were going to have to go public. Director Casey had left on that Monday, as I recall, for a trip to Central America.

At some point during the week we agreed to brief the two congressional intelligence committees on Friday. Director Casey was not scheduled to come back to the United States until Thursday night, the night before.

I can recall the week of the 17th calling Ed Meese and telling him that either I had already or was going to call Bill Casey down in Central America. In fact, I think you have a tape of that conversation in one of your exhibits.

I did not realize the conversation was taped at the time, but I guess the CIA taped it.

Mr. BECKLER. Let me interject that was an exhibit I asked to have declassified so it could be used for purposes if this subject came up. It is a contemporaneous tape of the conversation that my client had with the late Director Casey, which I think will enable the committee to have some understanding of what kind of a dialogue they were having about this.

But as of 10:30 today, I still haven't had it declassified. I made the request last week.

Thank you.

Mr. LIMAN. As you know, we do not control the declassification process, Mr. Beckler.

Mr. BECKLER. The White House controls the declassification process and also the independent counsel clears on what documents the White House can transmit, as well.

Mr. LIMAN. You have read that tape?

Mr. POINDEXTER. I have not.

Mr. LIMAN. Read a transcript of it, I mean?

Mr. POINDEXTER. I have not read it. Anyway, let me go on. I have a vague recollection of the conversation.

Mr. BECKLER. Let me just explain why the admiral has not read it. I think is important. He has not read it because the document is one that could not be taken from this building and when we became aware of it last week. The admiral was not with us here in this building over on the Senate side, in the Hart Building.

Mr. POINDEXTER. But I told Bill that I thought it would be helpful if he came back form Central America early so that he and I would have a chance to talk about the briefing that I was going to provide the intelligence committees and the hearing that he was going to attend up here on the Hill on Friday. He readily agreed to come back.

At that point there was a great deal of confusion still as to what had actually happened in 1985. I told Ed that I was going to ask Bill to come back and ask him to come to a meeting in my office on the Thursday preceding the briefings that he and I were to give.

And so he agreed to come, and Bill Casey came back and we had a meeting.

Mr. LIMAN. Would you look at exhibit 68?

Chairman HAMILTON. Counsel, excuse me for interrupting. It is 10:30, about a break time here. Is this an appropriate time for a break?

The committee will take a 10 minute recess.

[Recess.]

Mr. LIMAN. Admiral, if you would turn to exhibit 68, which is the portion of the testimony of Mr. Casey that was discussed at the

meeting with the Attorney General and others on November 21, and in which there has been testimony by Colonel North that he made certain changes. Do you remember being there when these changes were made, sir?

Mr. BECKLER. Mr. Liman, just to make sure we are on the same wave length, are we talking about the document marked J, as in Juliet, 6097 at the very top?

Mr. LIMAN. Yes.

Mr. BECKLER. Thank you.

Mr. POINDEXTER. I don't recall—let me just read this again.

Mr. LIMAN. Do you recall discussion of this document at that meeting?

Mr. POINDEXTER. I do not recall this document, period. But I don't think that I have seen this before just now. It may have been available to me. What I recall of the meeting is that Director Casey had a several-page statement, a draft, that had been prepared for him to give the following day. I don't recall this being part of it.

Mr. LIMAN. You could put this aside for the moment since you don't recall it. But one of the purposes of the meeting was——

Mr. POINDEXTER. Excuse me. One other point I should make is that none of those handwritten notes on the page are mine.

Mr. LIMAN. Well, I think that Colonel North has identified his handwriting.

Do you recall that one of the purposes of the meeting was to review the facts so that you and Mr. Casey would give testimony that was consistent the following day?

Mr. POINDEXTER. Yes, we wanted to make sure we were consistent. The major—one of the major concerns that we had, or that I had, going into the meeting was that I knew that Congress was not going to be happy with the President's decision to postpone notification, and one of the reasons that I wanted to have Ed Meese there was to specifically address that question.

Mr. LIMAN. Do you remember a discussion at that meeting of the November shipment of HAWKs?

Mr. POINDEXTER. There was a discussion about the various events of November. I don't have a good recollection of all of the discussion.

Mr. LIMAN. Do you remember a discussion of the fact that the Director of Central Intelligence was proposing to say that no one at the CIA knew that the shipment involved HAWKs and that Mr.—Colonel North wanted that statement to be broadened to say that no one in the U.S. Government knew it contained HAWKs?

Mr. POINDEXTER. I heard Mr. Cooper's testimony, Mr. Liman. I do not recall that with the same vividness that Mr. Cooper did. I don't recall that being a major issue. What I recall being the issue was that the draft had been primarily prepared, it was my understanding, by various CIA staff. Many of them were not totally aware of all aspects, and I can recall, although not verbalizing it at the time, after quickly reading through the draft, which I had not seen until the meeting started, that there was a clear effort on the part of whoever had drafted it to make it look like the whole Iranian project was a NSC activity with very little CIA connection, and that did bother me.

Mr. LIMAN. Do you recall that there was a discussion at this meeting of the fact that the Director was proposing to tell Congress that the CIA thought that the plane was carrying oil-drilling parts from Israel?

Mr. POINDEXTER. I recall that whoever had drafted it at that point in there—I'm not sure how much Director Casey had or hadn't participated in the drafting of that.

Mr. LIMAN. Well, when they left that meeting, the draft still was talking about oil-drilling parts.

Mr. BECKLER. I'm going to have to object here about the draft. Which draft are we talking about?

That is addressed to the chairman.

Mr. LIMAN. Let me phrase it this way.

When your meeting broke up, was there still discussion about the fact that the U.S. Government thought that the plane was carrying oil-drilling parts?

Mr. POINDEXTER. Mr. Liman, in addition to—I'll answer your question, but just let me give this background.

In addition to the principals that I described earlier in that meeting, there were also some other people. Mr. Cooper was there, my recollection is Mr. Gates was there, and there were a few others.

I had only met Mr. Cooper a day or two before that. I didn't really know who he was or any of his background. I, as Mr. Cooper has testified, was very closed mouth in the whole meeting. I did not want—at that point I knew that there was disagreement amongst the people that were involved in the November activities, but I did not want to surface all of those issues in front of all the people that were in that room.

In hindsight, what I should have done is adjourned the meeting and met separately with Ed Meese and Bill Casey so that we could hash through the issues, but I didn't think about it at the time and didn't do it. It would have been a better thing to do.

Mr. LIMAN. Were you uncomfortable with the fact that Mr. Meese had brought his Assistant Attorney General, Mr. Cooper, and that Mr. Casey had brought his Deputy, Mr. Gates?

Mr. POINDEXTER. Yes, I was.

Mr. LIMAN. And as a result, you did not express your point of view at that meeting, you stayed silent?

Mr. POINDEXTER. That's correct, because the big question in my mind at that point was the question of whether or not the President had approved the HAWK shipments before they had taken place or not, and I didn't know the answer to that question and I didn't want to discuss in such a group that issue until I was on much firmer ground.

Mr. LIMAN. And after the meeting broke up, were you told that Mr. Sofaer, the counsel to the State Department, had communicated with Mr. Cooper and with White House counsel some very strong views that this was a cover-up?

Mr. POINDEXTER. I don't recall that characterization. At some point—and I'm fuzzy on the time, it was probably that afternoon, although I must say originally I thought it was earlier—I was aware that Mr. Sofaer had reported that Secretary Shultz had a different recollection of the events of November than Mr. McFar-

lane did. And I frankly at the time could not remember what happened in November of 1985.

Mr. LIMAN. Now, did you reach an agreement on what you would say about this shipment before the Intelligence Committees?

Mr. POINDEXTER. Yes. At some point the evening I recall, I believe, of the 20th I called Director Casey at home and told him that I was uneasy with the section on the HAWKs, that different people were recalling different things, and I thought we should be very cautious the following day in briefing the committees. We did not want to put out false information the following day, and at that point I didn't have all the answers, and my recollection is that I told Director Casey that what we ought to say is that there had been a shipment in November of 1985; we didn't have all the facts, we were still looking into them and we would get back to the committees when we had all the facts.

Mr. LIMAN. Is it a fact that whatever you may have remembered, you knew that it was a false story that the CIA and the NSC thought that these were oil-drilling parts being shipped?

Did you know that that was false as far as that went, that it was oil-drilling parts?

[Witness conferring with counsel.]

Mr. POINDEXTER. Mr. Liman, that isn't necessarily a false story.

Mr. LIMAN. I know, but you say not necessarily. I am asking you whether you knew that it was false to say that these were oil-drilling parts so far as the United States knew.

Mr. POINDEXTER. I wasn't certain of that at all, because I did have a vague recollection, as the various conversations went forward, that there was something about oil-drilling equipment. Since that time, I have thought back over it, and I believe what happened was that Colonel North used that as a cover story with the CIA in arranging for the proprietaries, so there were probably some people at CIA that thought that it was oil-drilling equipment.

But, again, that is with a lot of additional information since that time. At the time, I remembered something about oil-drilling equipment, but I was fairly certain in my mind that it was not as described in that version of the narrative of the chronology.

Mr. LIMAN. Admiral, when you testified—when you briefed the Senate Intelligence Committee the following day, did you tell them that the first time that you found out that HAWKs were being shipped was in January of 1986?

Mr. POINDEXTER. That was my recollection at the time. I thought that was an accurate statement. It obviously isn't accurate.

Mr. LIMAN. Now, admiral, you are a man who prides yourself on memory, is that fair to say?

Mr. POINDEXTER. I have a reasonably good memory, but I have also—I have up until my year as National Security Adviser, I have never been hit with so many issues in such a short period of time. There was a lot of activity that had happened over that previous year and the events of November of 1985 until November of 1986 were very far from my current memory.

Mr. LIMAN. Wasn't the HAWK shipments a memorable event in that it was a disaster?

Mr. POINDEXTER. Not necessarily——

Mr. LIMAN. Not necessarily?

Mr. BECKLER. Let him—Mr. Chairman, may Mr. Liman be instructed to let the witness answer the question in full before his preordained conclusion is given?

Chairman HAMILTON. Admiral, you may respond.

Mr. POINDEXTER. Mr. Liman, I don't know how a person's memory works. I am telling you at the time I did not remember it, and that is an honest answer. I did not remember it.

Mr. LIMAN. Did you remember that the Iranians felt that they had been cheated by the HAWK shipments?

Mr. POINDEXTER. Yes. I think I recalled that at some point, but I am not sure at what point. As I testified or didn't testify, there were informal briefings to the House Intelligence Committee and the chairman and vice chairman of the Senate Intelligence Committee.

By the way, we had invited all the members of the Senate Intelligence Committee to come down and they chose not to. Those two came down.

But my intent was there to put out accurate information and I thought that I did, at the time.

Mr. LIMAN. On the 21st, did Oliver North come into your office with his spiral notebook?

Mr. POINDEXTER. That is correct. This was the afternoon of the 21st.

Mr. LIMAN. And did he tell you that he had in that spiral notebook some notes that indicated that you knew that it was HAWK shipments, that the President had approved it?

Mr. POINDEXTER. That is correct. He came in some time middle to late afternoon with one of his old spiral notebooks and said he had just pulled these out of his files and gone back through to try to reconstruct what had happened in November of 1985, and he reported that conversation with me at the time.

I told him that I didn't recall it, but I didn't question that it had happened. I am sure it did happen.

Mr. LIMAN. Did you reach a conclusion as to what Oliver North was going to do with his notebooks?

Mr. POINDEXTER. Yes. From something he said—and I don't recall exactly what it was—but I recall as he left the room that I had the impression that he was going to destroy that notebook.

Mr. LIMAN. Did you tell him not to?

Mr. POINDEXTER. I didn't tell him not to.

Mr. LIMAN. Now, if what you were interested in was telling the Congress, the public, the truth about what was known about the November shipment and the fact that the President had approved it, why didn't you say to Oliver North, "Don't destroy the note"?

Mr. POINDEXTER. My recollection of his reciting at that short meeting these events that had happened in November of 1985, my recollection was that there was nothing in the note that described whether or not the President had approved in Geneva before the operation started the shipment of the HAWKs, and the whole plan to get the hostages back the Israelis had come up with.

That in my mind was the crucial issue at the time, not related to what Colonel North had just read to me.

Mr. LIMAN. Who did you think he was trying to protect by destroying those notes?

Mr. BECKLER. Objection, Mr. Chairman. I think—are you talking about Oliver North?

Mr. LIMAN. Yes, sir.

Mr. BECKLER. He was up here for 6 days. Isn't he the appropriate one to ask that question?

Mr. LIMAN. You came away with the conclusion he was going to destroy those notebooks; right?

Mr. POINDEXTER. That is right.

Mr. LIMAN. For what purpose did you think he was going to destroy those notebooks?

Mr. POINDEXTER. I don't think I really particularly focused on that at the time. The working notebooks and the working files I have never considered as official documents, and it was perfectly all right with me if Colonel North destroyed his personal notebooks and working files that he had. I had no problem with that.

Mr. LIMAN. You understood that he had kept that notebook for a year. It dealt with an event a year before?

Mr. POINDEXTER. Well, I think at that point I probably thought that he had kept most of his notebooks. I had kept mine.

Mr. LIMAN. Are you saying that you gave no thought to why North was going to destroy a notebook that now recorded the fact that it was HAWKs?

Mr. POINDEXTER. Mr. Liman, you are trying to imply something different about the HAWK shipments. In my mind, there was nothing different between the TOW shipments and the HAWK shipments. We had already acknowledged that there had been TOW shipments made and on the 13th of November, in a press backgrounder, I acknowledged that the United States had acquiesced to a TOW shipments.

We were not trying to conceal that. Later on, Mr. McFarlane in a PROF notes to me indicated that the President hadn't approved that until after the fact. I accepted Mr. McFarlane's memory of that situation.

But we weren't--I mean, this idea that I see being generated that somehow we were trying to cover up the HAWK shipment for some peculiar reason escapes me.

Mr. LIMAN. Didn't the Attorney General on the 20th of November tell you that the only problem that he saw with the transactions related to the HAWK shipment?

Mr. POINDEXTER. I don't recall his limiting it to HAWKs. I think he had some concern also about the TOW shipments, because he recognized that there was a difficulty with the Arms Export Control Act, in terms of a reporting requirement.

Mr. LIMAN. I will ask you before you return tomorrow to look over your transcript at 347 and 348, which hopefully we will have declassified by then on that subject.

Mr. POINDEXTER. What are the numbers again?

Mr. LIMAN. I will give that to your lawyer.

Mr. BECKLER. While we are on that, I was wondering if we can have a copy of that transcript.

Mr. LIMAN. We have asked for it to be declassified.

Mr. BECKLER. Thank you.

Mr. LIMAN. Did Oliver North, when he was greeting you or brought his notebook there, read to you from his entry of Novem-

ber 26, which is exhibit 81, which—November 26, 1985, which said, "R.R. directed operation to proceed. If Israelis want to provide different model, then we will replenish?"

Let me rephrase the question.

Does that note there, which comes from his book and which has been typed, refresh your recollection that the notebooks that you thought he was going to shred did, in fact, reflect that the President had approved the HAWK shipments?

Mr. POINDEXTER. I do not believe that was the note that he read to me at the time, because I have a distinct recollection of being disappointed that it didn't shed any light on prior approval.

Mr. LIMAN. Now, when you met with North on the 21st, did you tell him that the Attorney General was going to be coming in to look at his files the next day?

Mr. POINDEXTER. No. As I testified yesterday, that happened earlier in the afternoon by telephone call.

Right after Ed called me and told me he was going to send some people over to go through the documents that we had to try to sort out this disagreement, I called Colonel North, after talking to Commander Thompson, and asked him to pull the documents together and then I asked Commander Thompson to coordinate that. That was earlier in the afternoon.

Mr. LIMAN. Did Colonel North on the 21st tell you that he had gotten rid of all memos that related to the diversion?

Mr. POINDEXTER. I heard his testimony. I do not recall it. I don't deny that he did say that, but I simply don't recall it.

My recollection at the time was that I didn't think any documents existed, period, because I couldn't remember any of the memos that he had described.

Mr. LIMAN. Yesterday you said that you weren't sure whether you gave him instructions not to put anything in writing concerning to the—relating to the diversion.

I direct you to page 182 of your testimony in the deposition which has now, I am told, been declassified, and I will read to you these questions and ask you if you gave these answers.

"Question"——

Mr. BECKLER. Starting on what line, Mr. Liman?

Mr. LIMAN. Line 10, 182.

Admiral, did you ever see any other version of this memorandum—which was the so-called diversion memo—referring to the use of the proceeds of the arms sale for Iran?

Answer: I do not recall seeing any other versions of it.

Question: Any other writings referring to it?

Answer: Writings?

Question: Yes. Other than the PROF notes on the 6 million.

Answer: I simply don't recall.

Question: Did you ever—and there was an answer that interrupted the question.

Answer: In fact, my operating assumption was that there wasn't anything in writing on it because I told Colonel North repeatedly not to put anything in writing on the transfer of funds to the Contras and not to talk to anybody about it.

Question: Transfer of funds from whom?

Answer: From the Iranian project to the Democratic Resistance, to the Contras.

Question: How many? You said you told him repeatedly?

Answer: I told him several times. I was surprised to learn—and I forget exactly when I learned it—that he said something to Mr. McFarlane on the way back from Tehran. I would have advised him or told him not to do that if I knew he was planning on it.

Does that refresh your recollection, sir, that you in fact did tell Colonel North not to put anything in writing on the diversion?

Mr. POINDEXTER. As I testified yesterday, I recall telling Colonel North many times not to put things in writing on the sensitive projects that he was involved with, and clearly the transfer of funds to the Contras was a sensitive item that he was involved with. I also told him not to talk to anybody about it.

Mr. BECKLER. Mr. Chairman, I have an objection. Yesterday I made the statement about his testimony and his appearance here being dissected over and over and over. This is exactly what I have in mind.

I guess Mr. Liman, if he pores through—in his diligent way—every page and every word of what was said on May 2nd, I'm sure that he may well come up with a discrepancy on what is said today—what is today, July 15th, July 16th? That is a discrepancy.

But I think that Mr.—that Admiral Poindexter is answering these questions in the best way that he can under the present circumstances.

I don't know if—I doubt that he is being treated with fundamental fairness if there's going to be a constant comparison of one transcript to the other.

The point I should make is ordinarily in court, if you read a prior transcript, it is to impeach a witness. Usually a court would instruct counsel that if he has something to impeach him with, impeach him.

I don't think that is—let me finish, Mr. Liman—I don't think that statement is necessarily contradictory to really what he said yesterday, if you take the full sense of it. I would like to make that objection on the record.

Thank you.

Chairman HAMILTON. Counsel, your objection is noted. I think our counsel has the right to explore carefully that testimony. He certainly has the right to refer to previous testimony by the admiral.

You may proceed, Mr. Liman.

Mr. LIMAN. Now on the 21st, did Colonel North ask you, as he has testified here, whether you had told the President about the diversion?

Mr. POINDEXTER. I heard his testimony. I don't recall that.

Mr. LIMAN. Do you recall him asking you at any time about that subject?

Mr. POINDEXTER. I simply don't recall it. He may have, but I don't recall it.

Mr. LIMAN. When was it that you learned that the Attorney General had found the so-called diversion memo?

Mr. POINDEXTER. On Sunday night, the 23rd, Colonel North called me at home.

Mr. LIMAN. And you were surprised?

Mr. POINDEXTER. Yes, I was surprised.

Mr. LIMAN. What——

Mr. POINDEXTER. But by that time I was—I guess my mood was one of resignation in that I was getting awfully tired of the issue at that point.

Mr. LIMAN. And why were you surprised?

Mr. POINDEXTER. Because, as I have said, I didn't think any memos existed on this subject.

Mr. LIMAN. Did Colonel North——

Mr. POINDEXTER. I think it is important here, people have described this memo as the smoking-gun memo. The only thing that it showed, it revealed the actions that were involved with transferring the funds, but the concept was approved in February, the conversation I had with Colonel North, I approved it at that time. I approved it in a broad, general way that didn't really require any further return to me to carry it out.

Mr. LIMAN. Admiral, on the 21st——

Mr. POINDEXTER. And that was, by the way, the only thing I recall.

Mr. LIMAN. On the 21st, did Colonel North tell you that he was going to be shredding documents the next day?

Mr. POINDEXTER. He did not.

Mr. LIMAN. You testified yesterday that when you ripped up the Presidential Finding, you also ripped up some other papers?

Mr. POINDEXTER. Yes. On the second of May, I told you that I had—in the envelopes that Commander Thompson had there were the three versions of the Finding. I have always personally considered the December Finding the first version. By the way, on that, you know the way that that is reported in the paper is exactly what I was afraid of. You know, it is reported this morning in the *Washington Post* that this clearly indicates this was an arms-for-hostage deal. That was exactly what I was afraid of in November of 1986. It was never intended by the President as an arms-for-hostage deal. He never thought about it that way. That is probably why he doesn't remember it.

Mr. LIMAN. Did he read it before he signed it?

Mr. POINDEXTER. I'm sure he did. He reads a lot of papers, though, as I've told you.

Mr. LIMAN. And he didn't have to sign that?

Mr. POINDEXTER. That is correct. But this was one aspect of the issue, and as I've testified yesterday, it was a CYFA effort on the part of the CIA to protect their particular small involvement with the project up to that time.

Mr. LIMAN. Now when you ripped up the other documents that were shown to you or—you did rip up other documents shown to you?

Mr. POINDEXTER. I did.

Mr. LIMAN. What were those documents?

Mr. POINDEXTER. I got off the track. I apologize for that.

The other documents were PROF notes, as I recall. They were printed—once in a while, when I would get a PROF note, if it was something that I wanted to brief the President on, I would print out a hard copy of it. I had a little printer by my desk. And there were a few PROF notes in the envelopes in addition to the three versions of the Finding.

I saw nothing in them that we needed at that point, and consistent with my policy of deleting my PROF notes, I tore up those PROF notes as well.

Mr. LIMAN. A year later, do you remember what they dealt with?

Mr. POINDEXTER. Well, it is not a year later.

Mr. LIMAN. A year-and-a-half?

Mr. POINDEXTER. No. We are talking about November of 1986.

Mr. LIMAN. Six months—I am sorry—do you remember what was in them?

Mr. POINDEXTER. I don't know. I suspect that they are PROF notes that you have that were in Colonel North's files.

Mr. LIMAN. Have you—do you have a recollection of that?

Mr. POINDEXTER. No, I don't. There were two or three.

Mr. LIMAN. You just a moment ago said that the November Finding was a CYFA—November, 1985 Finding was a CYFA Finding for the CIA. Can you tell me who you were protecting when you were ripping up those PROF notes?

Mr. POINDEXTER. Look, PROF notes were never intended to be finished documents. As you can tell from the PROF notes that you have—and I frankly think the White House made a terrible mistake in ever releasing those PROF notes—they were intended to be private, frank communications between two staff officers, and they were not intended for public use, and I did not want those PROF notes to be released.

Mr. LIMAN. Admiral, when did the Attorney General speak to you about the diversion?

Mr. POINDEXTER. On Monday, the 24th. He had come by the office early in the morning. I was tied up doing something else. I understand my secretaries asked him if they—if he wanted them to interrupt. He said no, he would be back later. My recollection is that he came in to see me for about 5 minutes early afternoon.

Mr. LIMAN. Did you—did he ask you what you knew about this diversion?

Mr. POINDEXTER. It was a very brief conversation. My recollection is that he started off by saying, "I assume you are aware of the memo that we found in Ollie's files," and I said, "Yes." He said, "Were you aware of this?" And I said that I was generally aware of the transfer of funds or the plan to transfer funds, and I told him that I was prepared to resign and that I trusted him to recommend to me the timing of my resignation, and that was the—essentially the end of the conversation.

Mr. LIMAN. Did you tell the Attorney General that you had approved the diversion by Colonel North?

Mr. POINDEXTER. I did not use those words. I told him that I was generally aware of the transfer—of the plan to transfer the funds. I was being very cautious at that point.

Mr. LIMAN. Can you tell us why you didn't tell him that Colonel North was acting pursuant to your authority?

Mr. POINDEXTER. I wanted—in continuing the plan that I had always had of providing deniability to the President, I did not want to provide that detailed information at the time, because I wanted the President and his staff to be able to say they didn't know anything about it.

Mr. LIMAN. Is it a fact that the Attorney General didn't ask you whether you had told the President?

Mr. POINDEXTER. I do not recall his asking me whether I had told the President or his asking me whether I had approved it.

Mr. LIMAN. Did you also speak that day or the following day to Don Regan?

Mr. POINDEXTER. The following day I was en route to the White House office in my car, and Ed Meese called me on the car phone just about the time we were pulling through the Southwest gate, and he asked if I would meet him over at his office. He said he was en route to the office, he would be there in about 5 minutes. I told him that I would.

We diverted, went over to his office. Ed came in. He said that he thought that the time had come that I should submit my letter of resignation. I said, fine, I was prepared to do that, as I told him yesterday; he indicated a sense of regret. He said that he did not feel at that point that Colonel North had done anything illegal. We talked about Colonel North also being transferred back to the Defense Department.

I departed, went back to the White House, walked down a corridor to Don's office. He was tied up in a meeting. I left word I would like to see him when he finished, went back to my office, sat down to eat my breakfast, and a few minutes later Don Regan came in, and I told him that I was going to resign.

Mr. LIMAN. Did Don Regan ever ask you what you knew about the diversion?

Mr. POINDEXTER. I don't recall his doing that.

Mr. LIMAN. Did he ever ask you whether you had told the President?

Mr. POINDEXTER. I don't recall his doing that.

Mr. LIMAN. You heard a good deal of the testimony from Colonel North about the fall-guy plans, and the discussions that he had with Mr. Casey, that there was a plan discussed with Mr. Casey that he would be the fall guy and that Casey said that may not be high and—"You may not be senior enough, and you may need somebody more senior."

Was that ever discussed with you, admiral?

Mr. POINDEXTER. It was not. Several times over the years, Colonel North would say to me, and it was usually when he was depressed about something—which often, you know, this was a very frustrating project. We didn't have total control of what was happening. It was a very high-risk situation, and he—Ollie would often say that, "Look, I can always be sacrificed," or something like that. I don't recall the word "scapegoat" ever being used. I believe that every time he said that, I told him, number one, that it wasn't necessary, that it really couldn't be done that way. I've been in Washington long enough to know that such plans don't work, and I told him to forget about that.

I was not a party to any plan to make Colonel North or to make me, for that matter, a scapegoat. The decision for me to accept responsibility for what I did was made in February, 1986 when I decided to approve Colonel North's plan for providing funds to the Contras. I accepted that responsibility then and knew that if it became public, I would have to leave. Simple as that.

Mr. LIMAN. Admiral, did you talk to Mr. Casey about the diversion at any time from the—after November 23?

Mr. POINDEXTER. November 23, 1986?

Mr. LIMAN. Yes, sir.

Mr. POINDEXTER. No. I had—I believe I had one conversation with Director Casey. It was probably after that. I think it was the

last conversation, much to my regret, with Director Casey, but it was, I think, around Thanksgiving time. I called him for advice on attorneys. I did not discuss——

Mr. LIMAN. Now, on the 25th of November you submitted your resignation to the President.

Mr. POINDEXTER. I did.

Mr. LIMAN. And do you recall what the President said?

Mr. POINDEXTER. It was a very short conversation. As I recall, when I came into the Oval Office at 9:30 for my normal morning meeting, the Vice President was there, Chief of Staff Don Regan, Ed Meese was there, and, of course, the President.

I sat down, and my best recollection of the conversation was that I said,

> Mr. President, I assume that you are aware of the paper that Ed Meese has found that reveals a plan to transfer funds to the Contras. I was generally aware of that plan, and I would like to submit my resignation to give you the necessary latitude to do whatever you need to do.

And the President responded and said that he had great regret and that this was in the tradition of a Naval officer accepting responsibility. And I shook hands with everybody and left the office. That was the last time I saw the President.

Mr. LIMAN. Now, you then—did you hear the press conference of the President and Attorney General Meese?

Mr. POINDEXTER. I did.

Mr. LIMAN. And was it then that you learned that Colonel North was being removed, not just reassigned?

Mr. POINDEXTER. Yes, and that was a great surprise to me. That had not been discussed with me. To this day, I don't know how that came about, but I think it was a mistake.

Mr. LIMAN. Now, admiral, as you sat there and you listened to the press conference and the Attorney General describing the diversion as an aberration in the President's policy, talking about potential criminal investigations and all of the other things he said, the concerns that you had about this being a potential political disaster if it ever came out must have seemed to you to be coming true with a vengeance, right?

Mr. POINDEXTER. Mr. Liman, I must say that at that moment that didn't dawn on me, because it frankly was several days after that that began to dawn on me, and that's when I got an attorney.

Mr. LIMAN. Well, even before you got an attorney, and that is the period I want to talk to you about, I mean you realized this was now a major political issue as you listened to the Attorney General and you read the newspapers, right?

Mr. POINDEXTER. I realized that the, frankly, and I intend to be very frank here, that the media and the newspapers were blowing this all out of proportion and there was significant pressure from the Congress for the administration to appoint an independent counsel, and I thought, and still think, that it was a gross overreaction to an issue.

I think with hindsight some mistakes were made in terms of handling the issue in November, and I think that in the effort to make sure that the White House was not accused of cover-up, that we moved too fast, and I accept some of that responsibility in that I

don't think with hindsight that I should have resigned when I did. We should have stayed around to get to a full explanation as to what we were trying to do and the reasons——

Mr. LIMAN. Admiral, you said that one of the reasons you did not tell the President about this was because you realized that it would be controversial and you wanted the President to be able to deny it.

Mr. POINDEXTER. That's correct.

Mr. LIMAN. Now, all of a sudden the controversy that you had anticipated if this became public when you approved it in February of 1986 had occurred, right?

Mr. POINDEXTER. Would you repeat that again?

Mr. LIMAN. Well, hadn't the controversy now occurred that you had anticipated in February of '86 when you decided not to tell the President? You now were having a controversy that had become public?

Mr. POINDEXTER. Yes, that is a statement of fact.

Mr. LIMAN. Did—can you tell us why you didn't then stand up and say, "I, Admiral Poindexter, made the decision and did not tell the President of the United States"?

Mr. POINDEXTER. Mr. Liman, that is a hypothetical question, and before I made the decision to retain attorneys, I was obviously giving it a lot of thought, but I did not want to make that kind of decision until I had had an opportunity to consult with attorneys. And after I did, I followed the advice of my attorneys.

Mr. LIMAN. Now, you talked about how much you wanted, you know, how your desire was in acting here to provide the President with deniability.

Mr. POINDEXTER. Correct.

Mr. LIMAN. Deniability usually, in covert operations, has another word, an adjective that precedes it called plausible deniability, right?

Mr. POINDEXTER. Yes, that's the usual term of art.

Mr. LIMAN. Did you make any contemporaneous record in your notes, or any other place, at the time that you decided to give the President deniability, that you were not going to tell the President?

Mr. POINDEXTER. No, I did not write that down.

Mr. LIMAN. So that you created a situation where it would be only your word to corroborate that of our Commander in Chief?

Mr. POINDEXTER. That is correct.

Mr. LIMAN. I have no further questions, Mr. Chairman.

Chairman HAMILTON. Mr. Nields.

Mr. NIELDS. Good morning, Admiral Poindexter.

Mr. POINDEXTER. Good morning.

Mr. NIELDS. I take it from your testimony that it was on December 4, 1985, that Mr. McFarlane resigned as the National Security Adviser.

Mr. POINDEXTER. I think he actually submitted his letter earlier than that, but it was announced on the 4th, along with my appointment.

Mr. NIELDS. I take it that although he stayed around technically until sometime in early January, he permitted you to function as the National Security Adviser as of the 4th of December?

Mr. POINDEXTER. In effect, he did.

Mr. NIELDS. And I take it that on the day after his resignation, namely on December the 5th——

[Witness conferring with counsel.]

Mr. POINDEXTER. Excuse me. Go ahead.

Mr. NIELDS. I take it on the day after his resignation on December the 5th you handled the National Security Briefing of the President at 9:30 a.m.

Mr. POINDEXTER. Probably—yes, I probably did. I would have to go back to check my notes to make sure of that, but I guess that was the date that the November Finding was signed.

Mr. NIELDS. That is what I was going to get to.

Mr. POINDEXTER. My problem is that I have trouble remembering that and it is conceivable that it was placed in the morning briefing folder, but I rather think I had a meeting and discussed it.

Mr. NIELDS. And I take it you made up a checklist prior to the briefing that would remind you what you wanted to raise at the briefing?

Mr. POINDEXTER. Is that one of the exhibits?

Mr. NIELDS. That is exhibit no. 20.

Mr. POINDEXTER. Yes, I have it.

Mr. NIELDS. And I take it the first item on the list was the Iran Finding.

Mr. POINDEXTER. That's correct.

Mr. NIELDS. So that on your first national security briefing of the President when you were acting as National Security Adviser, the first item was the Iran Finding, which I take it is the same one that you have testified yesterday and today you eventually destroyed on November 21, 1986.

Mr. POINDEXTER. Yes. I—you know, I had obviously attended a lot of 9:30 meetings with the President, over 2 years' worth. So although—and I had led other meetings before when Mr. McFarlane was gone, but I don't want to imply that this was a fresh, new experience.

Mr. NIELDS. And I take it that that Finding was the one which related to the shipment of 18 HAWKs to Israel—I mean to Iran by Israel.

Mr. POINDEXTER. Yes. In effect, it was.

Mr. NIELDS. CIA had requested it?

Mr. POINDEXTER. Yes. And John McMahon, as I recall now, had been pestering me to get it signed, and that's probably why I took it up that morning.

Mr. NIELDS. And I take it you were yourself personally familiar with that transaction already?

Mr. POINDEXTER. I was familiar with some aspects of it.

Mr. NIELDS. You had been—I take it Mr. McFarlane was out of town or out of the country at the time the shipment was actually made, and Colonel North briefed you, in effect, on the transaction while Mr. McFarlane was gone.

Mr. POINDEXTER. Yes. He sent me several PROF notes and we probably had a couple of meetings on the subject.

Mr. NIELDS. And indeed he sent you some PROF notes before the shipment actually occurred?

Mr. POINDEXTER. Yes. I—based on reviewing all this material, I see that he did.

Mr. NIELDS. And you had discussed the matter with the President prior to the 5th of December?

Mr. POINDEXTER. I probably had, that's correct.

Mr. NIELDS. I think if it's helpful to refresh your memory, I think exhibit 19—I take it those are notes of a meeting that you had with the President on the 25th of November, 1985.

Mr. POINDEXTER. Yes, they are.

Mr. NIELDS. And they refer to this transaction involving the hostages and Iran?

Mr. POINDEXTER. It looks that way.

As I'm sure you have detected by now, my notes are very cryptic and they were meant to be short-term reminders.

There's a bit of speculation on my part in interpreting what that means.

Mr. NIELDS. But I take it it's your best interpretation that that relates to the shipment of arms to Iran?

Mr. POINDEXTER. I believe it probably does. I think the significance of the note is that one shipment to Tehran will take place on the—or took place, I guess—well, see, that's why—I'm assuming the 22 is a date. It may not be.

One interpretation of it, is the only way I could put it at this point, is that one hostage to Tehran on the 22, one shipment to Tehran on the 22 produces two hostages. But that's a bit of speculation.

It's not totally clear because it's not consistent with the date above.

Mr. BECKLER. Maybe we ought to have the record reflect exactly what the words are in that memo, just so there is no ambiguity.

Mr. NIELDS. That's fine.

The words are hostages, dash, 1 to Tehran, 22, and then an arrow and a 2.

And I think that Mr. Liman showed you just a few moments ago a page from Mr. North's spiral notebook that refers to a conversation with you on the 26th of November indicating that R.R. has directed that the operation proceed.

Mr. POINDEXTER. Yes, I saw that exhibit.

Mr. NIELDS. Now, I take it that although the Finding was actually signed on the 5th of December, you had had it for some several days, maybe as many as ten.

Mr. POINDEXTER. Well, as I recall, the exhibit indicates that Bill Casey's cover memo to me is dated the 26th, which I guess would have been Thanksgiving or the day before.

I do not recall when I got the memo, but some—obviously sometime between the 26th and the 5th.

Mr. NIELDS. But I take it you do recall that Mr. McMahon from the CIA was badgering you to get it signed?

Mr. POINDEXTER. I do recall that now.

Mr. NIELDS. And what was the reason for the delay?

Mr. POINDEXTER. I haven't thought about that question. I believe that the President was—well, I'm not sure. He may have been in Santa Barbara. He may have been out of town. He often went to Santa Barbara for Thanksgiving. I haven't checked that fact.

Mr. NIELDS. The Finding that was signed on the 5th, like the later Findings, called for no immediate notification of Congress.

Mr. POINDEXTER. I frankly—I'll take your word for it. I would have to go back and look at it.

Mr. NIELDS. It's up on the board, and it's also exhibit no. 18 in your exhibit book, and it says——

Mr. POINDEXTER. What was the exhibit number here?

Mr. NIELDS. Eighteen.

And the exhibit itself says,

I direct the Director of Central Intelligence not to brief the Congress of the United States as provided for in Section 501 of the National Security Act, 1947, as amended, until such time as I may direct otherwise.

Now, I take it at that time that was not—that was new to you, that language in a Finding?

Mr. POINDEXTER. No, it wasn't necessarily new. I don't recall—well, I do recall one previous Finding containing such a statement, but it later was amended and the Congress was—the appropriate authorities in Congress were briefed on that previous Finding. So it wasn't a new concept.

I clearly understood the Hughes-Ryan amendment to the National Security Act.

Mr. NIELDS. It was at least not the normal way in which Findings were done?

Mr. POINDEXTER. Well, obviously it is a provision of the law that should be used under extraordinary circumstances. This was an extraordinary circumstance. It was not the usual routine.

Usually we—the President elected to use one of the other provisions of the law.

Mr. NIELDS. Did you—I guess this is really my only question: Did you consult with anyone regarding either the propriety or the wisdom of putting that language in this Finding?

Mr. POINDEXTER. There had been over the years, in discussions of various Findings, a rather thorough discussion of the issue of notification.

So it was—the President was aware at the time, I was aware at the time, that he clearly had that authority. There was really no need to consult with anybody as to whether the President had that authority or not.

Mr. NIELDS. My only question is: Did you, in fact, in the case of this Finding between November 26 or so and December 5 discuss this Finding with anyone else?

Mr. POINDEXTER. I don't believe I did.

Mr. NIELDS. And, for example, did you discuss it with the Attorney General?

Mr. POINDEXTER. Not to my recollection.

Mr. NIELDS. I take it——

Chairman HAMILTON. Counsel, may I interrupt you just a moment. The chair has been receiving a number of inquiries about plans, and the chair had hoped that we would be able to finish questioning by counsel this morning. I am informed now, on the basis of estimates—and I appreciate those estimates are rough—that we just won't be able to finish it, questioning by counsel this morning.

So we will conclude not later than 12:30 this morning, and, of course, be in recess then until 9:00 o'clock tomorrow morning.

Counsel, you may proceed.

Mr. BECKLER. On that same track, do you have any ball-park figures as to how many days we are going to be up here? I obviously can't hold anybody to that, but I would like to get some rough idea.

Chairman HAMILTON. Counsel, I don't want to state an estimate at this point, because if I do, you will try to hold me to it in a few days.

Mr. BECKLER. Mr. Chairman, I would never do anything like that.

Chairman HAMILTON. We will try to give you an estimate at the end of the business day about what you are confronted with, sir.

Mr. BECKLER. Thank you.

Chairman HAMILTON. Mr. Nields, you may proceed.

Mr. NIELDS. Mr. Chairman, I take it, it is fair to say when you became the National Security Adviser, among other things which you inherited, you inherited the whole problem of the initiative involving the sale of arms to Iran and hostages.

Mr. POINDEXTER. I inherited a lot of problems, and this was probably not the most significant.

Mr. NIELDS. But you did inherit——

Mr. POINDEXTER. I did inherit this one.

Mr. NIELDS. And it did have problems.

Mr. POINDEXTER. It had problems. It was a very high-risk operation from the very beginning.

Mr. NIELDS. And, for example, there was an issue of replenishment, the Israelis wanted to make certain whatever they sold to Iran was replenished by us and promptly.

Mr. POINDEXTER. Yes, that was a problem.

Mr. NIELDS. And indeed that applied to the 18 HAWKs.

Mr. POINDEXTER. Yes, I—say that again now, the question.

Mr. NIELDS. Well, it may be that I am asking it in a confusing way. I think the PROF messages that have been entered in the record indicate the original plan was to ship 80 HAWKs, and the Israelis were very anxious to have those 80 HAWKs replenished and promptly.

Mr. POINDEXTER. Yes. After going back and reviewing all this material, that indeed was the original plan.

Mr. NIELDS. And indeed you made some contacts with the Department of Defense in furtherance of the Israeli request.

Mr. POINDEXTER. Yes. I have a vague recollection of talking to General Colin Powell, who is now the Deputy Assistant to the President, the job I used to have. At the time he was military assistant to Cap Weinberger. And I can recall conversations with Colin about the availability of HAWK missiles. That's about all I recall of the conversation. And I really am very fuzzy on the timing of that discussion.

Mr. NIELDS. And I take it another problem was that the 18 HAWKs that were actually shipped turned out to be the wrong kind of missile.

Mr. POINDEXTER. Yes, they did.

Mr. NIELDS. And the Iranians complained bitterly and accused everyone of playing a cheating game.

Mr. POINDEXTER. I knew the Iranians were upset. I don't think I was aware of all the details.

[Witness conferring with counsel.]

Mr. POINDEXTER. Excuse me, Mr. Nields.

Mr. NIELDS. I take it that the mix-up on the 18 HAWKs was attributed, at least in part, to the particular intermediaries that were being used or had been used up to that time.

Mr. POINDEXTER. Based on reading these old PROF notes fairly recently, it appears that there was some problem there. I am not sure that we ever understood exactly what happened.

Mr. NIELDS. Well, was it part of your plan, so to speak, to try to put things on a sounder footing for the future by—and I don't mean this pejoratively—by getting rid of Mr. Ledeen, Mr. Schwimmer and Mr. Nimrodi and replacing them, so to speak, with Mr. North and Mr. Nir?

Mr. POINDEXTER. Thinking back on it, the events of November 1985 were confusing at the time, as I have previously testified, and I think it was probably in closed session, I missed a major NSPG meeting in early August 1985 in which this situation was discussed.

But in early December, after I took over, I wanted to get the issue moving in a much more organized manner and in a way where we had a lot more control over what was happening.

Also, after the 7 December meeting in the residence and George Shultz and Cap Weinberger raising the legality question, I certainly wanted to get the Attorney General involved, and I wanted to get a Finding that clearly laid out the whole program. And that is the direction we proceeded.

Mr. NIELDS. You are jumping ahead of me a little bit.

Mr. POINDEXTER. Sorry.

Mr. NIELDS. I take it the answer is you did want to put it on a sounder footing and one thing you wanted to do was change the personnel that were involved?

Mr. POINDEXTER. Yes. I—because I recognized this was going to be a very sensitive operation and I guess I was pretty well convinced in my own mind that the President would want to go ahead with it, and do as much as we could, and if we were going to do that, I wanted people involved that I was, frankly, more comfortable with.

Mr. NIELDS. And you have also just made reference to the Finding. I take it that was an issue. And you testified to the Finding that you did have signed on the fifth and you have also testified that you were dissatisfied with the way in which that Finding was drafted and you wanted that redone?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. And you just made a reference a moment ago to the question of legality, and I gather from your testimony that the issue of legality arose fairly early on in your responsibility for this matter?

Mr. POINDEXTER. My first recollection of that issue being raised was in the 7 December meeting in the residence. It may have been discussed in the August 1985 NSPG meeting, but I wasn't there.

Mr. NIELDS. I think you have already testified previously that the Secretaries of State and Defense made a big issue of the illegality of the transaction at that meeting, the December 7 meeting.

Mr. POINDEXTER. My recollection is that they both raised it. I don't necessarily believe that it was to the same extent, but they did both raise it. I think Secretary Weinberger, my recollection is that that was his biggest objection.

Mr. NIELDS. He did, I take it, make a big issue of the illegality of it, as you said.

Mr. POINDEXTER. I believe he did.

Mr. NIELDS. And did you thereafter ask Mr. North to address the question of legality?

Mr. POINDEXTER. My recollection is that after Colonel North and Mr. McFarlane came back from London that I got the clear impression from the President's reaction to that debriefing that he wanted to consider continuing the program and that the—what we needed to do, one of the things that we needed to do to see whether the program was even going to be feasible was to get a firm determination as to whether or not there was a legal way that we could do this.

And my recollection is that I asked Colonel North to work with the appropriate people at CIA and in Ed Meese's office, if not Ed Meese himself, on resolving that issue.

Mr. NIELDS. That is to find a legal way——

Mr. POINDEXTER. To find a legal way to do it.

Mr. NIELDS. And I take it from your testimony yesterday, as I understand it, on the 16th of January in a meeting with the Attorney General, he recommended that the sales be done direct from the United States to Iran rather than permitting Israel to sell its old U.S. weapons and have us replenish.

Mr. POINDEXTER. Ed recommended to us that that was the best way that he saw to do it. He did not say that he felt the other way was illegal. But he was more comfortable in doing it the way he recommended.

Mr. NIELDS. And I take it the problem, whether it was illegal or just possibly illegal, the problem with the way it had been done was that the arms Israel was transferring had originally been purchased under the Arms Export Control Act.

Mr. POINDEXTER. Yes. His argument was that if the Israelis shipped weapons form their stocks that because these weapons had been sold to Israel under the Arms Export Control Act, then people could argue that if they then transferred those arms to a third country there was a congressional reporting requirement and I am not familiar enough with the law to go into the details of that, but I had understood that there was some reporting requirement.

It wasn't clear from the discussions whether it was possible to waive those or not. We really—because he came up with the other method, which Bill Casey and I and eventually the President agreed with, we really didn't pursue that any further.

Mr. NIELDS. The committee has heard testimony on this very subject, as you are probably aware, from people from DOD and CIA, and we needn't go into that again.

Mr. POINDEXTER. I am aware of the inference, but I am not quite sure what they said.

Mr. NIELDS. In any event, I take it that going direct, so to speak, under the Economy Act with sales from DOD to CIA and then

direct to Iran resolved that problem for the future, for the future transactions?

Mr. POINDEXTER. Yes. That was my understanding.

Mr. NIELDS. And that was the footing on which it was put in the Finding that was signed January 17th?

Mr. POINDEXTER. That's correct.

Mr. NIELDS. And I take it it is also correct that doing it that way did not affect one way or the other whatever legal problems had existed in the way that it had been done earlier?

Mr. POINDEXTER. I really don't understand the question, Mr. Nields.

Mr. NIELDS. I think I am stating a truism. What the Attorney General did was suggest a way of putting it on a sound footing for the future, and that gave you confidence that the transactions which occurred after the Janua·y 17 Finding were legal? But it didn't change, it didn't rectify any possible illegality with respect to the earlier shipments?

Mr. BECKLER. Mr. Chairman, I think that I would like to object that—on the grounds that an extended discussion with this witness about the illegality and the law and what applies and what does not apply is probably more appropriate directed to the Attorney General.

My client is not a lawyer. I'm sure the legality of a lot of these issues are going to be debated for years and years to come. But I prefer, and ask the chairman to direct counsel to ask questions about what he did and what the facts are, and not an extended debate on the legality of various aspects of the events.

Chairman HAMILTON. Counsel, I think the committee understands that Admiral Poindexter is not a lawyer; but, at the same time, he's bound by the law as was the National Security staff. It is of interest to the committee how he interpreted that law or how he was advised about the law.

Counsel may proceed.

Mr. NIELDS. Well, maybe it would be helpful, just to understand this point, to take a look at exhibit no. 23. Do you have that in front of you, Admiral Poindexter?

Mr. POINDEXTER. Yes, I do.

Mr. NIELDS. I take it you are aware of the portion of these notes which I will be asking you about. It is on the third page of the exhibit.

I take it these are the notes that you wrote on the airplane following your meeting with Mr. Nir for the purpose of briefing the President on Mr. Nir's proposal?

Mr. POINDEXTER. Yes. That is as I testified yesterday. I believe I wrote them on the airplane.

Mr. NIELDS. At the very end of the exhibit, you have the words "covert Finding." I take it you are suggesting that the transaction in the future proceed under a Finding?

Mr. POINDEXTER. Yes, that's correct.

Mr. NIELDS. In the hopes that that will rectify, that that will make the sales pursuant to the Finding in compliance with the law?

Mr. POINDEXTER. Right. My understanding at that point, and again, I think you have essentially stated it, but let me restate it.

This, although, it is based on my meeting with Nir, it is not—I don't believe that that particular item was discussed with Nir. These were prepared as notes to brief the President on the whole issue.

Mr. NIELDS. And you are telling—you then write the words "already pregnant for 500." I take it that is a reference to the 500 TOWs and "already pregnant" refers to the fact that those were not covered by a Finding?

Mr. POINDEXTER. No. What that means, I think, is that at some—one of the things that came out of the meeting with Nir, and my recollection is that it was the first time that I became cognizant of the fact that the Israelis wanted those first 500 TOWs replaced, and the point I was making there to the President, or that I intended to make to him, was that somehow we had to send the 500 TOWs to Israel.

Mr. NIELDS. What did "already pregnant" mean?

Mr. POINDEXTER. In essence, already had a commitment, which at that point I wasn't sure he understood, to sell the Israelis 500 TOWs to replace the ones that they had shipped earlier.

Mr. NIELDS. Now, why do you have that phrase "already pregnant for 500" under the heading "Covert Finding"?

Mr. POINDEXTER. Because we had to figure out a way to, under the law, to sell the Israelis 500 TOWs and avoid the reporting requirement to Congress.

Mr. NIELDS. In any event, I take it that you were aware that whatever legal problems there were with respect to the August TOW shipments and the November HAWK shipments, those legal problems were not cured by the January 17 Finding?

Mr. POINDEXTER. I don't have any recollection of thinking about it in those legal terms that you are describing. I knew at—well, by the time of this note, I had not had a discussion with the Attorney General yet.

The concept of having a Covert Finding, by my best recollection, is that after the Nir meeting, Colonel North and I had a private discussion to discuss the meeting afterwards, and at that time, my recollection is that I learned that the Attorney General had felt at that point—and I don't know exactly who had spoken to him at that point, I may have been told at the time, I don't remember—but anyway, I had the understanding that the Attorney General felt that it was possible with a Covert Finding to do this project in a legal manner.

Mr. NIELDS. The Covert Finding that was signed on the 17th of January makes—is prospective only; isn't that correct?

Mr. POINDEXTER. Yes, that's correct.

Mr. NIELDS. It applies only to future transactions?

Mr. POINDEXTER. It applies to future sales of arms under this project as well as the other objectives that we had.

Mr. NIELDS. And——

Mr. BECKLER. Mr. Chairman, we had 4 days of private session. A lot of these materials were covered by Mr. Liman then. I think he covered all of this area over the last day-and-a-half. I think it is not out of line for me to request the chairman and to have counsel move on to some different areas.

I have always been troubled with this concept of direct and cross examination. I don't understand exactly how it works up here.

I think we are going over area that has been fully explored.

Chairman HAMILTON. Counsel, we do not view it as direct and cross examination. You know that we have two Select Committees operating here and the Senate has one counsel and on the House side, we have a Majority and Minority Counsel, so there are usually three counsel who question, and they may seek to elicit whatever facts they deem appropriate.

The mere fact that we might have some repetition, I think, is not the basis for objection. We do, of course, want our counsel to move forward.

Counsel, you may proceed.

Mr. NIELDS. Thank you, Mr. Chairman.

The cover memo to the January 17 Finding which I believe is exhibit no. 28 also makes no reference to the earlier transactions. Would you agree with that?

Mr. POINDEXTER. I don't see that it refers to the earlier transactions by the Israelis.

Mr. NIELDS. And, in fact, on the first page, in the second full paragraph, it says "The Israelis are prepared to unilaterally commence selling military materiel to western-oriented Iranian factions."

Mr. POINDEXTER. Right.

Mr. NIELDS. Again, "commence," I take it, means begin? In fact, they were already or they had already made a couple of sales?

Mr. POINDEXTER. Well, they had, but I think it is important to make the point here that neither Colonel North nor I—we—to be very frank, we thought that the operation had been all screwed up, and I don't know what Colonel North had in mind in phrasing it that way. I certainly didn't focus on the absence of the earlier transactions in this.

Obviously, at the time we would have been aware that the President was aware of these things, and so the whole Finding, the whole cover memo is addressed to the future and not to the past.

Mr. NIELDS. That——

Chairman HAMILTON. Counsel, may I interrupt you for the purpose of recognizing Senator Nunn for just a moment?

Senator Nunn?

Mr. NUNN. Thank you, Mr. Chairman.

On an unrelated subject to this dialogue, a few minutes ago there was a question from Mr. Liman to Admiral Poindexter. Admiral Poindexter answered that he had a conversation with Bill Casey and that he had not known that conversation was taped, but later found that it was taped. This raises a great concern and question about what the Central Intelligence Agency tapes and what they do with that, what the rules are, and whether this is something we have within our knowledge.

I would ask, Mr. Chairman, because of the considerable importance of this that we have some clarification of that to the extent the committee can clarify it before we recess at 12:30. I would ask the chair to see if the counsel can give us some explanation of that.

Perhaps the witness could supplement that.

Chairman HAMILTON. The Senator makes a good request. The Chair will direct counsel to see if we can get a response to the Senator's question promptly.

Thank you, Senator Nunn.

Mr. Nields, you may proceed.

Mr. NIELDS. Thank you, Mr. Chairman.

Admiral Poindexter, the absence of a reference to prior transactions in the cover memo or the Finding to which it relates of January 17 contrasts with the Finding which was signed on December 5, which states in its last paragraph, "All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified."

I take it that Finding expressly attempted to approve a transaction which had already occurred, or transactions which had already occurred?

Mr. POINDEXTER. Yes. It tried to do that. As I said, I was never happy with that particular Finding, and that was one of the reasons, as well. I don't necessarily endorse that concept.

Mr. NIELDS. And that either referred to or included the shipment of 18 HAWKs in November of 1985?

Mr. POINDEXTER. Yes. I think that is really all that it addressed.

Mr. NIELDS. I think you testified that you destroyed this November Finding late on Friday, November 21st, 1986?

Mr. POINDEXTER. I did.

Mr. NIELDS. And I think you've testified that earlier that week a difference of opinion amongst Cabinet officers surfaced about the U.S. Government knowledge and involvement in that shipment?

Mr. POINDEXTER. Yes. The disagreement specifically related to conversations that had taken place in Geneva between Mr. McFarlane and George Shultz.

Mr. NIELDS. Mr. Shultz said that Mr. McFarlane—Secretary Shultz had said that Mr. McFarlane had told him in Geneva on November 18, 1985, that HAWKs were being shipped to Iran for hostages, and Mr. McFarlane said that he had not known that the shipments were missiles at that time.

Is that about the size of the dispute?

Mr. POINDEXTER. As near as I could—can make out at this point. I don't think I ever saw or heard recited to me exactly what Secretary Shultz's recollection of that conversation was.

Mr. NIELDS. And again referring to Friday, November 21st, 1986, earlier that same day you had had a meeting with the Attorney General and the President of the United States at which the fact of this dispute was raised?

Mr. POINDEXTER. Yes. The question was one of the President's prior knowledge in Geneva of the Israeli plan and whether he had approved it or not, and we needed to get to the bottom of that.

Mr. NIELDS. And, indeed, you needed to get to the bottom of just what the facts were regarding this government's knowledge and approval of the November HAWK shipment?

Mr. POINDEXTER. Yes, that's correct.

Mr. NIELDS. And, by the way, at that meeting did anybody ask the President whether he had approved?

Mr. POINDEXTER. That's an obvious question, but I don't recall it coming up. We were talking about events that had taken place

over a year earlier, and I certainly didn't remember much about the year and I don't think I even thought about asking the President because I didn't think he would remember that level of detail either.

Mr. NIELDS. In any event, the Attorney General——

Mr. POINDEXTER. I don't recall the Attorney General asking him about it. And I certainly didn't recall this Finding even existing at the time, and I think it's important to restate again that the reason I destroyed that Finding was that I thought it would be a political embarrassment because it focused on only the arms aspect of the whole initiative.

Mr. NIELDS. You are jumping ahead of me again a little bit.

I take it that during the meeting with the President and the Attorney General on the morning of Friday, November 21st, the Attorney General asked permission to conduct a factfinding inquiry to resolve these discrepancies?

Mr. POINDEXTER. That's correct.

Mr. NIELDS. And the President authorized or directed him to proceed?

Mr. POINDEXTER. Yes. I viewed it in his role as really a special adviser to the President. He had been involved in the project and since we had our—on our hands a dispute between a Cabinet officer and a previous Cabinet-level official, I appreciated his help in trying to get to the bottom of this.

Mr. NIELDS. And you were actually there when the President directed the Attorney General to proceed?

Mr. POINDEXTER. Well, the President—in reality, what happened was that Ed asked permission to do it and the President said fine.

Mr. NIELDS. Now, later that same day I take it the Attorney General asked you to gather or told you that he wanted to review documents relating to this issue?

Mr. POINDEXTER. He said that he was going to send over a couple of his people and asked that we pull together the documents that we had, in a central location, relating to the Iranian project.

Mr. NIELDS. Now, the November Finding, or the December Finding, the one that is up on the board there, was of direct relevance to the inquiry that the Attorney General was doing; isn't that true?

Mr. POINDEXTER. It was related, but, again, it did not address the key question, and that was what were the discussions in Geneva early in the month on which there was a disagreement.

Mr. NIELDS. It showed that the President had approved of this transaction involving the 18 HAWK missiles?

Mr. POINDEXTER. There was no question in our mind—certainly in my mind at that point—that the President had approved the shipment at some point. The question was whether he had approved it in the initial stages, as George Shultz had recalled.

Mr. NIELDS. This document showed when he approved it in writing?

Mr. POINDEXTER. But——

Mr. NIELDS. Isn't that true?

Mr. POINDEXTER. It shows that he approved after the fact that particular concept, but we had information at that point that he had actually—he may have approved it before the fact, and that was the key question.

Mr. NIELDS. Do you have any document in your possession or in Colonel North's that was more directly relevant to the Attorney General's inquiry into the question of Presidential approval of the HAWK shipment than the one up on the wall?

Mr. POINDEXTER. I don't know of any other document that—in fact—you know, at this point we wished that we had a lot more documents, but we didn't. I have explained why we didn't have many documents. We were very concerned about leaks.

Mr. NIELDS. I take it before—before the Attorney General had a chance to look at that document, you destroyed it?

Mr. POINDEXTER. I—when Commander Thompson showed me this document, my concern was only that it would reinforce the story that the only objective we had in the whole project was arms for hostages. I did not think in terms of HAWK shipments or TOW shipments, or anything else, at that point.

Mr. NIELDS. Did you destroy it to give the President deniability?

Mr. POINDEXTER. I did not.

Mr. NIELDS. Well, did you not by destroying that document give the President the ability to deny that he had signed a Finding on December 5th that dealt with arms and hostages?

Mr. BECKLER. Mr. Chairman, this question has been asked over and over and over. What is the reason why Admiral Poindexter destroyed that document? He admitted in open he destroyed it. He gave his reasons. Now counsel—I suppose counsel can ask this question 100 times. It is his prerogative. I submit it has been asked and answered over and over and over.

Chairman HAMILTON. Objection is overruled. The witness may answer the question.

Mr. POINDEXTER. Would you repeat the question again?

Mr. NIELDS. Yes. By destroying this document, did you not permit the President to deny that he had signed a Finding on December 5th, 1985, relating to arms and hostages?

Mr. POINDEXTER. That was not the intent at all. I haven't—as I said, I haven't talked to the President since the morning of the 25th, and I don't know what he had in mind when he has made these statements.

Mr. NIELDS. Well, you did—I take it, it was your intent when you destroyed that document that no one would see the document?

Mr. POINDEXTER. Well, my concern was, as I have testified before, that any time a document left my office, I was concerned that it was susceptible to public exposure. I didn't—simply did not want this document to see the light of day.

Mr. NIELDS. And insofar as this document recorded the President's approval shortly after the fact of the HAWK shipment, and insofar as it recorded his approval of a Finding that related to arms and hostages, you were, by destroying the document, attempting to falsify the record, weren't you?

Mr. POINDEXTER. No. I was not at all.

Mr. BECKLER. Mr. Chairman, the document, just to make the record straight, when counsel asks the question, the document says nothing about HAWK shipments. I think the record ought to really reflect that. It says, "All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified."

Admiral Poindexter has testified that at that point in time, he wasn't just—even in November of 1986, he wasn't distinguishing between HAWKs, TOWs, so on and so forth. If counsel wants to know what the President knew and what he thought of when he signed that document, then perhaps he ought to have the President come down here and answer that. Because we haven't spoken to the President on this subject. In fact, we have asked—as I stated earlier, we asked the White House for documents, long ago, that would help us, enable us to refresh some of our recollections.

Now, Mr. Liman did his best to get them. He made the request in December. But we didn't get them until about 2 weeks ago.

Chairman HAMILTON. Counsel, a question was asked, and it was answered. You may proceed.

Mr. NIELDS. Admiral Poindexter, what made you believe that the President of the United States would want you to destroy a Finding in order to save him from political embarrassment, if anything?

Mr. POINDEXTER. I—that thought didn't cross my mind. I recognize that it was politically embarrassing. I thought one of my jobs was to protect the President, and I didn't think about asking him about it.

Mr. NIELDS. I have to ask you this question: Was it any part of your purpose in destroying that document to protect anyone other than the President?

Mr. POINDEXTER. Nobody.

Mr. NIELDS. And particularly was it part of your purpose to protect yourself?

Mr. POINDEXTER. No, in no way.

Mr. NIELDS. You had, I take it, earlier that day given briefings to both House and Senate Intelligence Committees?

Mr. POINDEXTER. I had.

Mr. NIELDS. That was on the subject of these arms transactions with Iran?

Mr. POINDEXTER. It was more than that. It was a discussion with the two—well, the House Intelligence Committee and the chairman and vice chairman of the Senate Intelligence Committee of the Iranian project, which didn't just involve arms.

Mr. NIELDS. But it did include the arms transaction?

Mr. POINDEXTER. It did include arms.

Mr. NIELDS. And you had spent part of the previous afternoon in the same room with Director Casey making sure that whatever he testified to to the same committees was consistent with what you told him?

Mr. POINDEXTER. I testified to that.

Mr. NIELDS. I think Mr. Liman has asked you about what you told the Senate Intelligence Committee, and I am going to ask you what you told the House.

Mr. POINDEXTER. I don't believe he did.

Mr. NIELDS. If he didn't, I will do that also.

Mr. BECKLER. Counsel, do you have an exhibit there that reflects notes of staffers at the time?

Mr. NIELDS. Yes, I do.

Mr. BECKLER. What exhibit number is that?

Mr. NIELDS. First we will look at exhibit no. 79 and then we will look at exhibit no. 80.

Mr. NIELDS. Do you have that in front of you?

Mr. POINDEXTER. I do. 79.

Mr. NIELDS. That is a memorandum for the record of your briefing of the House Intelligence Committee, and if you look at the second page, this one is organized by the dates on which certain events occurred, and there is a paragraph headed "November of 1985."

Do you see that in front of you?

Mr. POINDEXTER. Yes. I think it is important to point out that this memorandum was, is not a contemporaneous record of the meeting, it is a memo that was prepared a week later, and it is. This staff officer's summary of what I said.

Mr. NIELDS. What I am going to get to is ask you a question about what you said. The memo says opposite November 1985, "The Israelis transferred 18 HAWK missiles to Iran at this time. The United States did not learn about it until January 1986."

Then later down, just to make sure I am complete about what is written in the memo, it states—well, it says, "In February 1986, the United States managed to talk the Iranians and Israelis into returning the missiles to Israel," and it says "Poindexter indicated there may have been some prior U.S. knowledge of this November 1985 shipment."

Now, my first question is: Did you tell them that the United States did not learn about the HAWK shipments until January 1986?

Mr. POINDEXTER. Well, my recollection of what I said is probably different from that. My recollection is that I said that I did not learn until January of 1986 of the HAWK shipments, and at the time I thought that was an accurate statement.

Later—and obviously this was the issue that we, part of the issue that we had talked about the day before, and it was pretty clear in my mind at that point that we were aware of the 1985 shipment prior to it, but I simply didn't have all the facts and as I have testified before, I didn't want to go any further into the issue until we had information about prior approval, and I had a situation at that point where Mr. McFarlane didn't remember anything about it, and Secretary Shultz did, but nobody could confirm that.

Mr. BECKLER. Counselor, I should point out there is an asterisk too that is worth noting on the first page of this memo. Admiral Poindexter has testified before that he was not the line officer so to speak on this project back in November of 1985, that is the weapons shipment projects, and the asterisk says,

> The events from July through December 1985 were largely described to Poindexter by McFarlane prior to McFarlane's departure from the NSC. To this extent, they are therefore secondhand recollections of these events.

In other words, the author of this memo, Mike O'Neill, is saying the admiral explained that a lot of the events he is talking about, the events that occurred in November–October of 1985, he is imparting information that he received from Mr. McFarlane.

Mr. NIELDS. Is that true, Admiral Poindexter, that you told the House Intelligence Committee that the events through December 1985 were based on secondhand information?

Mr. POINDEXTER. I recall at the time, because I couldn't, I could not recall my involvement in November of 1985 with the HAWK shipments, and as I have testified, it wasn't until after Colonel North came in in the afternoon of the 21st, several hours after this briefing, that he began to refresh my memory on exactly what happened.

So I do recall saying to the House Committee and Senators Durenburger and Leahy that I was very fuzzy on the issues of what happened up until December 7 of 1985, because I had not been fully engaged in all the issues up until that time.

Chairman HAMILTON. Mr. Nields, excuse me for interrupting you, but I want to conclude the hearing as I have indicated to others that I would do.

Are you at a point now where we can conveniently stop, or do you have just a few more questions on this document?

Mr. NIELDS. Mr. Chairman, I fear that this document and the other two that I will be getting into might take us five, ten more minutes, and if the chair wishes, I am prepared to break off at this time.

Chairman HAMILTON. The Chair recognizes Mr. Liman for clarification on the CIA communications.

Mr. Liman?

Mr. LIMAN. The CIA has a special voice communications system which is used in lieu of cable traffic for overseas communications of an operational nature on occasion.

When that system is used, the calls are taped by CIA headquarters and an index maintained so that there is a record equivalent to what would exist with operational cables.

During the course of our investigation, we have requested and received transcripts of pertinent communications, which is how we got the transcript of the conversation between the admiral and Mr. Casey.

That call was taped, because Mr. Casey was overseas and that communications link was used.

I have confirmed this again with the CIA and they know I was going to read this into the record.

Chairman HAMILTON. Senator Inouye?

Chairman INOUYE. May I ask a question for clarification?

Is the caller notified that the conversation is being recorded?

Mr. LIMAN. My understanding is that the CIA personnel are aware of this, and they are the people who normally use it. When a call takes place, which, as I understand is infrequent of the nature that Admiral Poindexter had where the system is used, I do not know whether the non-CIA person knows that his call was being recorded.

Admiral Poindexter, did you know?

Mr. POINDEXTER. I did not know.

Mr. LIMAN. It is used normally just for operational calls in lieu of cable traffic by CIA personnel.

Chairman HAMILTON. Thank you very much, Mr. Liman.

Mr. BECKLER. Once again, since I raise this document, I view it as a critical document as a contemporaneous statement of what Admiral Poindexter's intentions were at the time he asked Bill Casey to come back up and get with him on this subject and I would ask

again all expeditious means be used to declassify that so the admiral may review it.

Chairman HAMILTON. That will be done, counsel.

Mr. BECKLER. Thank you.

Chairman HAMILTON. The joint hearings stand in recess until 9:00 o'clock tomorrow morning.

[Whereupon, at 12:35 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Friday, July 17, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of John M. Poindexter

FRIDAY, JULY 17, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN AND SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. Good morning.

The joint hearings will come to order.

We begin this morning with further questioning by Mr. Nields.

Mr. Nields?

Mr. BECKLER. Mr. Chairman, just based on some questions that were asked at the end of day yesterday, I would like to briefly renew a motion, if I may.

Thank you.

Mr. Chairman, you may recall my warning to this body when we started out here, my motion 2 days ago.

I stressed the rights of Admiral Poindexter; the fact that he is a target of a grand jury investigation. And I asked this committee to be conscious of that, and I know this committee is conscious of that. But I feel compelled to point out a couple of things that happened since last night.

Picture if you will this morning, a grand juror or a potential petit juror reading the *Washington Post*, the front page. Reading the front page of the *Washington Post*, that potential juror would read as follows, "Several members of the Iran-Contra panels yesterday expressed skepticism about Poindexter's testimony. Representative Louis Stokes (Democrat of Ohio), chairman of the House Select Committee on Intelligence, said the Navy rear admiral's account of the diversion of funds 'doesn't square with me.'

"Senator William S. Cohen (Republican of Maine) questioned the credibility of Poindexter's assertion that the diversion of funds was a technicality. Senator George J. Mitchell (Democrat of Maine) said

he was concerned about Poindexter's oft-stated inability to recall key facts."

Mr. Chairman, I submit to you that this hallowed institution, the Congress, has the power to crush an individual if it wishes to unless its Members show some restraint.

I mentioned in my opening remarks that when I was a young lawyer, I worked in the office of Frank S. Hogan, a Manhattan District Attorney. He made it quite certain to all of us as attorneys working in that DA's office, and he was a bipartisan-elected district attorney who served for 40 years as district attorney in Manhattan—but he made it clear that an institution can be powerful and that power must be treated with great care and caution.

And what does that mean? At the very most fundamental level, what it means is if you are an attorney working for that institution, you don't talk during the proceeding. You don't give statements to the press. You don't give your opinions, because you want to be fair.

There is one other quote that I would like to read that was in yesterday's *New York Times*.

> In an interview during a break in the testimony, the Chief Counsel of the Senate Committee, Arthur L. Liman, who conducted all the questioning today and who interrogated the admiral in four long private sessions in preparation, said, This man will never say anything that reflects adversely on his Commander in Chief. If he was willing to withhold such important matters as the diversion and destroy documents to prevent political embarrassment to the President, Mr. Liman said, How do we know he is not still protecting the President?

How do we know he is not still protecting the President?

Mr. Liman is the counsel to this committee. He has a responsibility—as I understand it, this committee's responsibility as told to me by the chairman was to have an impartial factfinding to find out the facts, not to draw conclusions. I have made that point over and over and over.

One more thing I would like to say in closing. This soldier, scholar, statesman, John Poindexter, has served his country for 30 years and served the President for 5½ years. He worked hard at that job. He has earned, and I repeat, he deserves—he deserves just treatment and fundamental fairness from this body.

Thank you.

Chairman HAMILTON. Counsel, thank you very much for your observations. I take it you didn't actually make a motion of any kind?

Mr. BECKLER. The motion, I have a continuing motion to withdraw the subpoena as well as the continuing objections about the issues of credibility and going over and over the same questions.

I renew that motion.

Chairman HAMILTON. I was going to treat it that way, but I wanted to be sure.

Let the chair just make these observations, that we approach this, of course, with a very different perspective than you do. We have indicated this before in previous comments from the chair.

These committees are acting as committees of the U.S. Congress and our central focus is on the policy questions raised by this set of facts or these sets of facts that are before us in the Iran-Contra matter.

We try to be sensitive to and we certainly appreciate the individual rights of the admiral, and we certainly respect your position as his counsel, and there are many lawyers on this committee who have some appreciation, I think, for your role.

But the constitutional function of these committees is to understand what happened here and to get the facts so that we can make recommendations and judgments about the policy process.

We also believe very strongly that the American people have a right to know what happened and the only way we know to find out what happened is through this kind of a hearing, and to exercise the full powers that are available to us as congressional committees to get that information. And we intend to do that.

Sometimes that is a very painful process and it is a very painful process when you are dealing with witnesses who, by their own admission, time and again have withheld information from the U.S. Congress.

We are now in the process of trying to draw out that information, and a lot of very tough, difficult questions have to be asked.

I recognize, we all recognize that those questions are not easy to respond to, but the witness can always say that he doesn't recall or he can object to the manner in which questions are asked.

But our purpose is to try to understand the facts.

Now, your claims that you have stated very well on behalf of the witness can be asserted in a court of law, and they will be asserted I am sure in a court of law if it comes to that.

But they are not claims that we can recognize and your motion is overruled again by the chair.

The Chair recognizes Mr. Nields for continuation of questioning.

Mr. COURTER. Mr. Chairman.

Chairman HAMILTON. Mr. Nields, suspend please.

Mr. Courter?

Mr. COURTER. Thank you, Mr. Chairman.

Mr. Chairman, without going into any statements that were made by any of the counsels, I am well aware of some statements that I think personally were improper by the attorneys that represent these committees, and I have a motion, and the motion is that the attorneys who are propounding questions be instructed not to comment about the credibility of witnesses or imply anything for the balance of this inquiry.

I think their job is to ask pointed, tough, difficult, probing questions, but I think it does prejudice the views of the members of this panel and prejudices witnesses when they comment on issues of credibility with respect to those witnesses.

So my motion is that you instruct the attorneys not to talk publicly about the witnesses' testimony.

Mr. NUNN. Mr. Chairman, point of clarification now.

Chairman HAMILTON. Senator Nunn.

Mr. NUNN. I agree with sentiments expressed by my colleague, but frankly speaking if you take away the right of an attorney to ask a leading question, you might as well jerk his legal degree, and public includes these hearings here, so leading questions are an essential part of examining the witness.

Whether we like it or not, that is part of the courtroom procedure, that is part of the committee procedure, so I would have to ask the Congressman to clarify his motion.

Does that include the questions that are posed?

Mr. COURTER. Not at all. Those questions can be argumentative, leading, as far as I am concerned, they should be in the bounds of propriety. I am referring to after the hearings are adjourned, between recesses, on weekends, et cetera, but during the questioning, obviously, there would be no restraints.

The motion has to do with statements made while the hearings are in recess.

Mr. RUDMAN. Mr. Chairman.

Chairman HAMILTON. Senator Rudman.

Mr. RUDMAN. I want to inquire of my colleague from New Jersey, who has made that motion, I wonder if this might not be best handled by the House Committee and the Senate Committee, and I think we can handle it just fine.

I understand the sentiments expressed. I don't think this is a matter that we have to vote on. I would make no such motion on the Senate side.

If there is a perceived problem, the committee will talk about it and deal with it. I don't think we need action of the committee to deal with it. I don't necessarily disagree with what you are saying, but I just don't think we ought to have a vote about it. I think in light of all the hard work by many people here that we can accomplish that purpose if that is the will of the committee without having a legislative action.

Mr. COURTER. Based on that—if the gentleman would yield——

Mr. RUDMAN. I yield.

Mr. COURTER. Based on that, I would withdraw the motion and ask respectfully that the chairmen on both sides instruct the attorneys similar to the motion. That would satisfy me.

Chairman HAMILTON. The Chair appreciates the cooperation of the gentleman from New Jersey as well as the suggestion of the Senator from New Hampshire, and I assure the gentleman from New Jersey that we will discuss with him the concerns that he has expressed and if these matters are taken care of, we will proceed with questioning by Mr. Nields.

Mr. NIELDS. Good morning, Admiral Poindexter.

Thank you, Mr. Chairman.

Admiral, I take it from your testimony of yesterday that, and I am just going to summarize a few things and if I get them wrong, I want you to tell me—that you were aware in November of 1985, of the shipment of HAWK missiles by Israel to Iran before the shipment occurred?

You were aware that a CIA proprietary had, in fact, been used to carry those weapons to Iran, and you were aware that the CIA had sought a Finding to cover their activities in that regard and you eventually obtained the President's signature on that Finding?

Mr. POINDEXTER. Yes, I did, but I would like to go over that one more time, since it is being reported inaccurately in the press, and I frankly think it is deliberate, and it is exactly the problem that I thought would happen when I saw that Finding again in November of 1986.

In November of 1985, Colonel North asked the CIA to help in identifying a proprietary, to help the Israelis with that shipment. Now I was aware of that at the time. I had forgotten that in November of 1986.

After John McMahon, the Deputy Director of CIA, found out about the CIA assistance, he was upset, and he asked or directed, as I understand it, Stanley Sporkin to draft a Finding to cover retroactively the CIA assistance in that particular shipment. That Finding was prepared.

I understand that Colonel North assisted to some extent, but it was basically prepared by the CIA, Mr. Sporkin and other CIA staff.

The people involved in drafting that Finding had not been involved in any prior discussions with the President in which the broader aspects of the plan were laid out.

The only thing that they knew about at that time was that one aspect of that one shipment. Therefore, that is what they put in the Finding.

Director Casey sent me that Finding on November 26, 1985. That was during the Thanksgiving holiday. The President was on the West Coast.

On the 4th of December, the President announced that Mr. McFarlane was retiring and that I was to be named in his place.

John McMahon had called me rather insistently wanting to get the Finding signed. So the following day, the 5th of December, I took the Finding to the President. The Finding was not properly staffed.

As I have said, I was not happy with it. The President signed the Finding.

In no way did that Finding cover the totality of the President's thinking on the issue. It did not reflect the discussions that had taken place up to that time.

It didn't cover the strategic aspects of the Israeli proposal with regard to the Iranians. It didn't cover the fact that one of our major objectives was to keep the Soviet Union out of Iran, to develop the potential for a better relationship in the future with Iran, didn't cover the intelligence gains that we thought we could make by having channels into the Iranian Government.

Instead, the only part that it addressed was the problem of getting over the first obstacle and that was a confidence-building effort on our part and on the Iranian part.

On the—for us it was the provision of a small amount of defensive arms. On the Iranian part, it was to put pressure on the Hizballah to release the hostages.

The President did not view that at the time as arms for hostages, I did not either, I do not today.

The hostage aspect was one small part of the plan; obviously an important part. The Finding that he signed that day only ad-

dressed the retroactive aspect of the CIA's assistance on that one shipment.

In no way can that be considered an arms-for-hostage arrangement.

Now, because the Finding only addressed that part, it can be interpreted that way taken out of context and that is exactly how my testimony to date has been taken by the press, out of context.

On "Nightline" last night, the moderator said that I had testified that it was simply an arms-for-hostage arrangement. That simply is not what I testified and that is not what happened.

When I saw that Finding on the 21st of November of 1986, as I said the other day, the President was under a lot of pressure from the media from the standpoint of calling it an arms-for-hostage arrangement. I recognized then and I think my judgment was accurate as has been borne out in the past few days that that would be interpreted as an arms-for-hostage arrangement.

I didn't go through a long orderly thought process as to what to do with that.

At that point, I was damned annoyed. I was still annoyed that I was pressured into getting that signed before it was fully staffed and so without thinking about it, I tore the Finding up.

I think that is a fair and accurate description of what happened. I hope it gets reported that way.

Mr. NIELDS. My point I was getting at is that I take it also from your testimony today and yesterday that the things you just told us now you had forgotten by the time November 1986 rolled around?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. You had forgotten that you knew about the shipment of the HAWKs before they were shipped?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. You had forgotten that you knew that a CIA proprietary had been used to ship them?

Mr. POINDEXTER. Mr. Nields, every day in the White House I received hundreds of documents, hundreds of messages and hundreds of PROF notes. We had been involved in many, many issues over the year. I simply did not remember.

Mr. NIELDS. And when the press accounts of the Iranian initiative began in November of 1986, you asked that chronologies be prepared so that senior officials, including yourself, would be brought up to speed on the facts? I take it that's correct?

Mr. POINDEXTER. Would you repeat the question?

Mr. NIELDS. Yes. When the press accounts of the Iranian initiative began in November of 1986, you directed that chronologies be prepared so that senior officials, including yourself, would be brought up to speed on the facts?

Mr. POINDEXTER. Yes. And as I have said, I frankly could not remember the events of 1985, and I thought it was important, as this issue was going to become very heated, it was clear that we have a basic source document to use internally in the White House that laid out what had happened.

Mr. NIELDS. And you received drafts of those chronologies which made direct reference to the shipment of 18 HAWK missiles in November of 1985? I think you testified to that yesterday?

Mr. POINDEXTER. The earlier drafts contained some reference to that; that's correct.

Mr. NIELDS. And after reading them, you still didn't remember that you had known about it at the time?

Mr. POINDEXTER. I still did not remember that.

Mr. NIELDS. Then——

Mr. POINDEXTER. Now, also as I recall, I did not see the first draft until about a half hour before a congressional leadership meeting down in the situation room, on the 13th, I believe it was.

Mr. NIELDS. Thirteenth of November?

Mr. POINDEXTER. Right.

Mr. NIELDS. But at that time you did see it?

Mr. POINDEXTER. Yes, I did.

Mr. NIELDS. Then on the 20th——

Mr. POINDEXTER. But frankly, I got in a half hour before the meeting and didn't have an opportunity to read it.

Mr. NIELDS. And on the 20th of November, you met with the Director of Central Intelligence and some other people, including the Attorney General, at your office to talk about the fact that you were going to brief the Intelligence Committees the next day and so was the Director of Central Intelligence?

Mr. POINDEXTER. Yes. That's right. As I said yesterday, I had asked Director Casey to come back from Central America early, and I understand that that tape recording of that conversation has been declassified now.

Mr. NIELDS. I take it one of the purposes, in fact, for those chronologies was to put you and Director Casey in a position accurately to brief the congressional committees that had an interest in the matter?

Mr. POINDEXTER. That's correct. I think the transcript of that conversation indicates the objective was to get all of the facts collected as best we could and to lay these issues to rest in fully discussing the matter with the committees.

Mr. NIELDS. And I take it that during the meeting on the 20th, there was mention of the fact that the U.S. Government had believed in November that the proprietary was carrying oil-drilling equipment?

Mr. POINDEXTER. I don't think I really understood for sure——

Mr. NIELDS. I think you testified yesterday that at that meeting with Director Casey on the 20th, there was discussion of the fact that the U.S. Government had believed in November of 1985, that the CIA proprietary was carrying oil-drilling equipment and that you recognized that that was incorrect?

Mr. POINDEXTER. Yes. My recollection was that there was some connection, as I could vaguely recall, with oil-drilling equipment, but I was reasonably confident that we knew that it wasn't that, that that was somehow involved in the issue, but my memory of that period of time a year before was very vague.

Mr. NIELDS. But you still didn't remember, even on the 20th, after all the discussion of oil-drilling equipment, you still didn't remember that you had known in November, 1985, at the time, that it was HAWK missiles?

Mr. POINDEXTER. That's correct. I did not remember in November of—the 20th, it would have been Thursday, that I knew that they were HAWKs. I simply had put that out of my mind.

Mr. NIELDS. And so you went in front of the House Intelligence Committee the following morning and gave them a briefing, and I think we looked at a memorandum of that briefing yesterday; it is exhibit 79. I think that we read from it yesterday, at page 2, someone making a summary of your remarks wrote: "The Israelis transferred 18 HAWK missiles to Iran at this time, November, 1985. The United States did not learn about it until January of 1986."

My first question is, I take it that is what you told the House Intelligence Committee on November 21st, and I take it it is your testimony that at that time you still didn't remember that you had known about it in November?

Mr. POINDEXTER. I certainly did not remember at that time that I had known about it in November of 1985. I can't be sure—there are about three versions of notes on that briefing taken by House and Senate staff officers.

I think—the main point that sticks in my memory that I told the committee—committees on that Friday was that I was very—I think I admitted—in fact, I think in the footnote on the first page of that exhibit, I admitted that I was very fuzzy on that time period in 1985, was being very straightforward in acknowledging that, and that we were still investigating what had actually happened in November of 1985, which is not reflected here in this note, and that when we finished that investigation and had the rest of the details, we would get back to the committee.

Mr. BECKLER. Mr. Chairman, just for the record, too, I would like to point out that this is the same document we discussed last night that includes the asterisk portion about these events being related based on what Mr. McFarlane told Admiral Poindexter about this particular shipment.

Chairman HAMILTON. Thank you, counsel.

Mr. NIELDS. Yes. The footnote refers that your briefing is based on secondhand information. You actually had firsthand information at the time, but your testimony is that you had forgotten it?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. Then you went before the Senate Intelligence Committee. And I think the memorandum of that briefing is exhibit 70?

Mr. POINDEXTER. Yes. It was not the whole committee.

Mr. NIELDS. The chairman and Ranking Minority Member?

Mr. POINDEXTER. Right.

Mr. NIELDS. The memorandum of that is exhibit 70. I ask you to turn to the fifth page of that exhibit. Take your time. Just let me know when you found it.

You have that?

Mr. POINDEXTER. Yes. Let me read it, please.

All right.

Mr. NIELDS. Now, there are a couple of things about this. First of all, it states that the—at the top of the first full paragraph on that page, "Poindexter said that he learned in January 1986, that Israel had sent 18 HAWK missiles to Iran on November 25, 1985, without U.S. approval."

I take it, first of all, you did say that to them?

Mr. POINDEXTER. I can't be certain of that, but I probably did, because that was my recollection at the time.

Mr. BECKLER. Mr. Chairman, I would like to object at this point. I think a fair way to present this line of questioning, this is a memorandum of the record. It is in the nature of a loose—somebody taking notes apparently during the meeting and having them typed up at some later date. There is a full paragraph here which basically says what that person, that person, that Senate staffer who took the notes said about what Admiral Poindexter was saying at that briefing of the two Senators.

I think the appropriate way to do it would be to just read that paragraph and then go back and ask questions about it. That gives the full sense of it.

Chairman HAMILTON. Counsel, let me suggest this. Mr. Nields will ask the question. If the witness wants to explain more fully the circumstances and the content of the document as well as his memory, he is certainly entitled to do that. But our counsel may ask the question as he thinks appropriate. It is the witness who must respond and put the document and his recollection in context.

Mr. NIELDS. I take it, admiral, that at that time you did not—you still did not remember that you had known about the shipment in November of 1985; and then I think you go on, and if you want me to read more, I will, but I think the relevant part is in the next paragraph, which starts off, "Poindexter said he was very disturbed to learn yesterday that there had been some important missing facts."

I take it that refers to the fact you had heard that Mr. Sofaer, Judge Sofaer from the State Department, had indicated that Secretary Shultz knew in November, 1985, that HAWK missiles were being shipped?

Mr. POINDEXTER. The previous day—at that point, Mr. McFarlane couldn't remember anything about the discussions in Geneva and the previous day, or maybe even before that—I can't be certain at this point, but it looks like it was on the 20th—I learned that Secretary Shultz had some—a different recollection and had recalled that Mr. McFarlane had discussed with him in Geneva a plan for the Israelis to ship some HAWK weapons to Iran as the first stage in opening up a dialogue with the Iranians, and hopefully some hostages would come out as a result of that.

I, of course, did not participate in those conversations, and I didn't have any firsthand knowledge about it. Mr. McFarlane couldn't remember it, and I did not want to get further into this issue until I had those facts; and so what I told the committee was what I could remember that I knew about it at the time.

Now, obviously it was inaccurate. I did not know it was inaccurate at the time.

Mr. NIELDS. And you told the committee, and it says this also in the second paragraph, "he," and that is referring to you, "said that he wants to clear that up."

Mr. POINDEXTER. That is right. Let me read the whole paragraph.

It says, "Poindexter said he was very disturbed to learn yesterday that there had been some important missing facts. He said he wants to clear this up. He said it is not fair to say this was an operation run from the basement of the White House. The United

States is still not precluded from making progress in the opening with Iran."

Mr. NIELDS. So you wanted to clear up the question of what the U.S. Government knew about this shipment, when and whether, and when it had been approved?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. And later that day, you ran across a document that was relevant to that question, namely the November—excuse me, the December 1985, Finding which you say you had forgotten up until that time, and you destroyed it?

Mr. POINDEXTER. But that Finding did not answer the question which was the key question at that time, and that was what happened in Geneva. It did not relate to that.

Mr. NIELDS. It did show, however, and it did remind you, did it not, that you were aware back in November 1985, that the CIA proprietary had been used to carry the missiles?

Mr. POINDEXTER. Obviously, at that point the pieces began to fall in place, and it was reinforced by Colonel North coming over with some notes from his spiral notebook that he had dug out of the files, that did begin to put the pieces in place. That is correct.

Mr. NIELDS. And is it correct to say that you found one document that related to this issue, which was the November Finding, and you destroyed it?

Mr. BECKLER. Mr. Chairman, I am going to object. That is at least the tenth time that this counsel has recounted what he believes is the most dastardly thing on earth, the ripping up of this. I would ask, can we move on to another subject?

Chairman HAMILTON. The objection is overruled. Counsel may proceed.

Mr. NIELDS. And Colonel North had found one document that related to this subject, which was his notes; and when he left your office, it was your understanding that he was going to destroy his notes?

Mr. POINDEXTER. That was my impression.

Mr. NIELDS. So each of you had discovered one document that would be helpful to answer the question that you told the committee you were going to clear up, and it was your understanding that both of them would be destroyed?

Mr. POINDEXTER. I would like to make a point clear, that my impression was that he was going to destroy them. In reality, he did not, and we didn't have any discussion about the matter. Obviously, I got the wrong impression.

Another main point here, though, I would like to make is that—look, if we were trying to cover up something from the beginning, we would not have gone to all the trouble of preparing all those various drafts of the chronology. It would have been stupid to try to find out what all the facts were, which I think all of the evidence indicates we were trying to do, if we had intended to cover up something.

I have explained to you why I tore up that Finding. It had nothing to do with trying to cover up some HAWK shipment or something like that. We had already indicated that there had been a TOW shipment in which we had acquiesced. I was fuzzy on exactly when that approval had taken place, because I did not remember

anything about that and based my statements on what Mr. McFarlane had told me. We had press guidance prepared. In fact, I backgrounded the press on the 13th or 14th of November, that there had been a TOW shipment. There really wasn't any difference in my mind between TOWs and HAWKs with regard to the Arms Export Control Act.

The reason the Finding was destroyed was what I have explained, and indeed what has happened over the past few days here today.

Mr. NIELDS. I take it that the final version, the most—the last version that was ever done of these chronologies that you just testified about states two things: One, the U.S. Government did not have prior knowledge and did not approve either the Israeli TOW shipment or the HAWK shipment, and those statements are inaccurate; and also states, with respect to the HAWK shipment, that the U.S. Government believed at the time that they were carrying—the CIA proprietary was carrying oil-drilling equipment.

Mr. BECKLER. Mr. Chairman, I think if counsel is alluding to some chronologies, he ought to refer us to them.

Mr. NIELDS. I don't want to belabor the point. But it is exhibit 73. There has been testimony about it repeatedly in these hearings. I don't want to burden the record. But if the admiral would like to look at it, it is exhibit 73.

Mr. BECKLER. I don't want to belabor the point either. But I have a stack here—this is how many versions there are of the chronologies.

Chairman HAMILTON. The witness is certainly entitled to look at the chronologies.

Mr. NIELDS. I've given the witness the wrong number—it is No. 76.

Mr. BECKLER. Seventy-six.

Mr. POINDEXTER. I think it is inaccurate to describe that chronology as the final version. There really never was a final version. It is the last one that was prepared because Colonel North and I left the White House after that point; and the whole purpose of Ed Meese looking into the facts and talking to Mr. McFarlane and Secretary Shultz about the events in Geneva and what discussions there were then about the plan, my intent was to wait until Mr. Meese had finished his factfinding search, and we would eventually have produced the final version of the chronology, hopefully correct in every aspect.

But on the afternoon of the 21st, as the pieces began to fall into place for me, there was nothing done to change the chronology at that point.

Mr. NIELDS. How was an accurate version of the chronology going to be prepared if all of the critical documents relevant to the chronology had been destroyed?

Mr. BECKLER. There is no testimony to the effect that all the critical documents of the chronology were destroyed, unless counsel has some information that we don't know about. I know of no testimony by this witness supporting that assertion.

Mr. POINDEXTER. I certainly did not consider, as I said, in a thoughtful orderly process the significance of that Finding. I simply saw it as contributing to the story that the President's initi-

ative was an arms-for-hostage arrangement, which it was not, which he did not feel it was, and which, in fact, it was not.

Mr. NIELDS. I would like to move on to another topic. There has been testimony previously before this committee that—and I am just going to take the first two transactions carried out pursuant to the Finding for the sake of clarity.

There has been testimony that with respect to the first two shipments of arms to Iran in 1986, that the Iranians, through Mr. Ghorbanifar, paid $25 million for the missiles and the HAWK spare parts, and that $8 million of that was then transferred to a CIA account in Switzerland.

In other words, $25 million was received into accounts controlled by General Secord and $8 million was transferred from there into a CIA account in Switzerland with a difference of $17 million, some of which was used for expenses.

My question to you is, if you know the answer to this, who in the U.S. Government structured the transaction so that there would be a substantial, many millions of dollars remaining in the accounts controlled by General Secord?

Mr. POINDEXTER. I don't know the answer to your question. Certainly Colonel North had discussed with me in February, as I have testified, the general concept of producing residual or—as has been characterized here, profits for the private party in the arms transfer, General Secord, but as to the details of how that was structured, I simply don't know the answer.

I did not get into that level of management.

Mr. NIELDS. Who decided how that money would be used?

Mr. POINDEXTER. The—my guidance to Colonel North, what he requested and what I approved, was that those funds should be used for support of the Contras in Central America so they could keep the pressure on the Sandinistas.

Mr. NIELDS. So the decision—and I think you said earlier in your testimony, "the buck stops here"—the decision as to how that money was to be used was made by you?

Mr. POINDEXTER. Was my decision; that is correct.

Mr. NIELDS. And was it your understanding that any part of that money would go to the personal benefit of General Secord?

Mr. POINDEXTER. That issue wasn't addressed one way or the other. It simply didn't come up.

Mr. NIELDS. What was your understanding?

Mr. POINDEXTER. I would have expected that there be reasonable compensation for the time. I would not have expected anybody to get rich off of it.

Mr. NIELDS. Was there any discussion that you were involved in as to how the money would be accounted for?

Mr. POINDEXTER. No. I had great trust and confidence in Colonel North and General Secord and I think they are both patriots. I still do. I had no doubt that they would be fair and honest.

Mr. NIELDS. I would like to turn now to the subject of the Resolution of Inquiry.

I think you testified about that some yesterday. It is exhibit 13. Do you have that in front of you?

Mr. POINDEXTER. I do.

Mr. NIELDS. I take it this was a document that was brought to your attention some time in the summer of 1986?

Mr. POINDEXTER. The subject of the resolution I generally understood. I doubt if I ever actually read the resolution.

Mr. NIELDS. But you were aware, I take it, that the resolution sought an inquiry into conduct of Colonel North, among others, or maybe just Colonel North?

Mr. POINDEXTER. I understood that was an issue.

Mr. NIELDS. And——

Mr. POINDEXTER. There were a lot of stories in the press at that point.

Mr. NIELDS. And the resolution was inquiring into contacts that Colonel North had had with private persons and third countries with respect to the funding of the Contras?

Mr. POINDEXTER. I generally understood that was the issue.

Mr. NIELDS. And it sought a description of Colonel North's contacts concerning provision of military equipment to the Contras?

Mr. POINDEXTER. I understand that was in there.

Mr. NIELDS. And it specifically sought information about his contacts on the subject of the Contras with General Singlaub and Robert Owen, among others?

Mr. POINDEXTER. I am not sure I understood those names were specifically mentioned in the resolution.

Mr. NIELDS. Well, just for the record, they are.

Mr. POINDEXTER. I understand. I have since read the resolution.

Mr. NIELDS. Now, you, I take it, arranged for Colonel North to have a face-to-face meeting with members of the House Intelligence Committee in connection with this Resolution of Inquiry?

Mr. POINDEXTER. That is correct. But I think it is important to put it in perspective as to the timing of that meeting. As I testified earlier, the resolution had been referred to three committees of the House, the House Armed Services, Foreign Relations, and Intelligence Committees. The House Armed Services Committee, I think, took action first and produced a negative report and in my conversation with Chairman Hamilton that set up this meeting, I understood that under the House rules, that essentially killed the resolution and Chairman Hamilton indicated that he was not going to push that, his committee did not have to issue a report at that time, and he did not intend to.

That was my understanding.

He indicated that he thought it would still be useful for at least some members of his committee to talk to Colonel North and we discussed the method of doing that and eventually I agreed that Colonel North could meet with the committee informally in the Situation Room in the White House and that was agreeable to Chairman Hamilton.

Mr. NIELDS. I take it, although you have testified the Armed Services Committee had resolved it in some way or the other, I take it you were aware that the House Intelligence Committee, chaired by Chairman Hamilton, wanted to talk to Colonel North about the matters raised in the Resolution of Inquiry?

Mr. POINDEXTER. Yes. I understood that the chairman thought it would be helpful. I didn't see it as something that, frankly, he was pushing, but that he did think it would be helpful.

Mr. NIELDS. And you did arrange it?

Mr. POINDEXTER. I did arrange it.

Mr. NIELDS. Now, Colonel North, as you undoubtedly know, has testified about what he said during that face-to-face meeting?

Mr. POINDEXTER. I understand that.

Mr. NIELDS. And he said this at page 225, of the transcript of last Wednesday, and I will read it to you.

He said—this is his testimony—"I will tell you right now, counsel, and all the members here gathered, that I misled Congress. I misled—"—and then there is a question. "At that meeting?"

And the answer, "At that meeting."

Question, "Face-to-face?"

Answer, "Face-to-face."

Question, "You made false statements to them about your activities in support of the Contras?"

Answer, "I did."

Now, my question to you is, did you authorize Colonel North to do that?

Mr. POINDEXTER. I did not authorize him to make false statements. I did think that he would withhold information and be evasive, frankly, in answering questions. My objective all along was to withhold from the Congress exactly what the NSC staff was doing in carrying out the President's policy.

I felt that, as I have testified before, that the Boland Amendment did not apply to the NSC staff.

The Government, the U.S. Government, was complying with the letter and spirit of Boland, and I thought that was sufficient.

Don't misunderstand me. I thought that Colonel North would withhold information. There was no doubt about that in my mind. There were a lot of stories in the press that had appeared that I had talked to Colonel North about periodically.

Most of the stories were patently false and in error. I thought most of the questions would be about these rather outrageous stories in the press, and I felt that Colonel North could knock those stories down by answering the questions truthfully.

Mr. NIELDS. My question to you is, didn't you put Colonel North in an absolutely impossible position? How could he answer the questions raised by the Resolution of Inquiry truthfully and still withhold information?

[Counsel conferring with witness.]

Mr. POINDEXTER. First of all, Mr. Nields, as I testified a few moments ago, I don't believe I had actually read the Resolution of Inquiry as to the kinds of questions that were being raised there. I knew, in general, the issue was what was Colonel North doing to help the Contras. As I testified before, I felt that Colonel North was a very capable officer. I did not micromanage him, and when I called him after discussing the matter on the telephone with Chairman Hamilton, I simply told him that the House Intelligence Committee wanted to talk to him, and would he be prepared, or would he be willing to talk to them?

And he indicated that he would. There was no discussion then or later as to what the likely questions would be or how he would answer them.

Obviously with hindsight, it would have been prudent to have sat down and talked to him about that before he did it to provide more detailed guidance, but that was not the manner in which I was managing and directing Colonel North at the time.

Mr. NIELDS. You have testified that you were aware that the Resolution of Inquiry, among other things, wanted to know about funding. Now, how did you understand Colonel North should answer a question such as the following one: Have the Contras received money from any foreign governments in 1985 or 1986? How should he respond to that question?

[Counsel conferring with witness.]

Mr. POINDEXTER. It is important to point out, Mr. Nields, again, so that the public is not misled here, the Resolution of Inquiry had not passed, and at that point I had reason to believe that it would never pass. I did not know exactly what questions they were going to ask. I had not, to my knowledge, to my recollection anyway, read the resolution. I simply didn't get into that level of detail of the issue at that point. It was a general issue, one of the many I am sure I handled that particular day.

Mr. NIELDS. Well, that is a logical question, isn't it, and I would like to know how did you understand Colonel North would answer a question like that?

Mr. POINDEXTER. It is a hypothetical question.

Mr. BECKLER. That was the basis of my objection, that it is a hypothetical question. He followed your advice, Mr. Chairman.

Chairman HAMILTON. Let me just observe, Counsel, that a moment ago the admiral answered in the hypothetical when he talked about if he were trying to cover up. It seems appropriate that counsel may ask a hypothetical. We all recognize that it is a hypothetical, and the witness can certainly point that out and he can respond to the extent of his own knowledge and feeling. If he cannot respond, he should so state.

Mr. BECKLER. I think that is true, but if counsel has a record of the transcript of the questions and answers that were given in the briefing, maybe that would be helpful. I don't know if there is such a record. I don't know what questions were asked. As the admiral testified, the Resolution of Inquiry wasn't in effect at the time that you visited with Colonel North.

Chairman HAMILTON. Counsel, you may proceed.

Mr. NIELDS. The admiral has testified that Colonel North would be asked questions based upon the Resolution of Inquiry, and drawing directly on the very first paragraph——

Mr. POINDEXTER. Excuse me, Mr. Nields. I am not sure that in my conversation with Chairman Hamilton that that was clear. All that he indicated was that he thought it would be helpful if his committee, at least some of the members, had an opportunity to talk with Colonel North. The thing that brought it about was the introduction of the Resolution of Inquiry and referring it to his committee among others.

Mr. NIELDS. I am taking my first question to you directly out of the first paragraph of the Resolution of Inquiry, which wants to know about Colonel North's contacts with private individuals or representatives of foreign governments concerning the provision to the Nicaraguan Resistance of any funding.

Mr. BECKLER. Counsel, I am sorry, can you direct me to where you are reading?

Mr. NIELDS. Top of page 2, first paragraph, first provision.

My question to you is: How was Colonel North supposed to answer a question, have the Contras received money from any foreign governments in 1985 or 1986?

Mr. POINDEXTER. I still am not sure where you are reading.

Mr. BECKLER. Can you give me the lines? Are we on House Resolution 485?

Mr. NIELDS. I first read to you from the top of the second page, which makes reference to contacts between representatives of the National Security Council and any private individual or any representative of a foreign government concerning the provision to the Nicaraguan Resistance of any funding.

And my question to you is, how was Colonel North to answer a question, have the Contras received money from any foreign government in 1985 or 1986?

[Counsel conferring with witness.]

Mr. POINDEXTER. As I said earlier, Mr. Nields, I didn't provide any guidance to Colonel North on how to answer the question. I did not know what the questions would be. I knew in general that they were going to ask about his involvement with support of the Contras. I didn't—you know, he was not there as a spokesman for the entire U.S. Government on the United States' relationship with the Contras. He was there to talk about his particular involvement.

Mr. NIELDS. You testified that he was supposed to withhold information.

Mr. POINDEXTER. That is correct. I did not——

Mr. NIELDS. Was he authorized to disclose, in response to a direct question, that he had met with representatives of Country Three and as a result Country Three contributed $2 million to the Contras in the last year?

Mr. POINDEXTER. I would have expected him to withhold that information.

Mr. NIELDS. How would he withhold that information in response to a question which I just read you, have the Contras received money from any foreign governments in 1985 and 1986? It is a hypothetical, but it is a pretty logical hypothetical. Suppose that question were asked, what should he answer?

Mr. BECKLER. Mr. Chairman, I would object. It may be a logical hypothetical question, but let's think about what the question is. He is asking the witness what should Colonel North have said to a question which may or may not have been asked, because Mr. Nields doesn't know whether or not it was asked and what should he have done. Admiral Poindexter testified that he did not instruct Colonel North specifically on each question. He has already testified to that. We can have, "If it rains tomorrow, we may go out; if it doesn't, we may not." We can have speculative questioning and hypothetical questions for the next 5 hours, but I submit there comes a time when we ought to move on.

Chairman HAMILTON. The witness can so respond if he chooses. Respond please, admiral.

Mr. POINDEXTER. I don't want to answer a hypothetical question. I don't know what the thinking was in Colonel North's mind at the

time. I certainly did not analyze it in the detail you are asking at this point. I don't know how he would have answered.

Mr. NIELDS. Was he authorized to disclose, in response to a direct question, that the Contras had received funding from the arms sales to Iran?

Mr. POINDEXTER. He should have withheld that information.

Mr. NIELDS. Even if he was asked directly, what sources of funding are you aware of that the Contras have received during the last 6 months?

Mr. POINDEXTER. Look, Mr. Nields, as we have said, these are hypothetical questions, and I don't know what I would have done at that point if that question had been asked and I don't want to speculate on it today.

Mr. NIELDS. Well, you were sending a subordinate to meet face-to-face with members of the House Intelligence Committee, knowing that they would ask him questions on these subjects, and as I understand your testimony, you told him he was not to provide them certain information.

Mr. POINDEXTER. I didn't tell him that specifically. That was a general understanding, that he was to withhold information about our involvement.

Mr. NIELDS. And was it the general understanding that your subordinate was to go meet with these members of the House Intelligence Committees and withhold that information even if he was asked a direct question calling for it?

Mr. BECKLER. Objection. This is the tenth time this question has been asked and answered. In fact, it has been asked so many times it is probably not a hypothetical question anymore.

Chairman HAMILTON. You may respond, admiral.

Mr. POINDEXTER. Would you repeat the question? I've lost track of where you were.

Mr. NIELDS. Yes. My question is, was it the general understanding between you and Colonel North that he was supposed to withhold information even if a member of the House Intelligence Committee asked him a direct question calling for it?

Mr. POINDEXTER. Colonel North was a very competent individual, as I think you have observed. He had been in much tougher situations, I was sure. Colonel North is very resourceful. I thought he could handle it some way.

The analysis as to exactly how he would do it did not enter my mind.

Mr. NIELDS. Well, he has testified here that he was unable to do that, that he was put in a position where he either had to give up the information that you didn't want him to or he had to lie.

Now, assume that he is faced and was faced with that choice. Which choice did you want him to make?

[Counsel conferring with witness.]

Mr. POINDEXTER. As I've said before, I did not expect him to lie to the committee. I expected him to be evasive, say that he didn't want to answer the question, be uncooperative, if necessary, but I rather think that with his resourcefulness, I thought he could handle it.

And furthermore, I—I understand that there isn't one, and it is unfortunate, but I would really like to know exactly what was

asked and what his answers were. I'm sure they were very carefully crafted, nuanced. The total impact, I'm sure, was one of withholding information from the Congress, but I'm still not convinced—I know he testified that he lied and made false statements—but I'm not totally convinced of that myself.

Mr. BECKLER. Mr. Chairman, let me say at this point I assume that counsel is trying to establish the proposition that there was a question asked and a false answer was given to it much as would be the case in 18 U.S. Code 1001, giving false statements to the government.

If that is the proposition he is trying to establish, I think as a fundamental underpinning to that line of questioning, you at least ought to have some idea what the question and answer is. As I understand it, there is nothing in the record anywhere, either from Colonel North's testimony or from the actual proceeding that took place, as to what the alleged question was and what the alleged false answer was. We are just spinning around in circles here.

Chairman HAMILTON. Counsel, I don't think it is your role to comment on the question. You may make an objection to the chair and the chair will rule on it.

Mr. BECKLER. That was an objection. I'm sorry.

Chairman HAMILTON. There is no question pending at this point. How could there be an objection?

Mr. BECKLER. I was anticipating another hypothetical question. I think that was a reasonable expectation.

Mr. NIELDS. It was wrong, however.

Chairman HAMILTON. Mr. Nields, would you suspend for just a minute? The Chair wants to recognize Senator Inouye.

Chairman INOUYE. Mr. Chairman, I have sat through the witness's testimony very quietly, and some would say rather meekly, listening to lectures from the counsel, and incidentally, he has spent nearly an hour telling us how we should question the witness, how we should pose and phrase our wording, how we are doing things wrong. He has lectured the members of the panel on improprieties of statements made and he has said that this has been done in the name of fairness. And in the name of fairness, I have not said anything.

But I would like to say a few words at this time, Mr. Chairman. In our rules it says, 54(a), "A witness's counsel shall be permitted to be present during the witness's testimony at any public or closed hearing or deposition or staff interview to advise the witness of his or her rights." That is all we say about a counsel.

Secondly, admiral, I think you are extremely fortunate in having your testimony under the able, courteous, and gracious guidance of Chairman Hamilton. You can look far and wide, throughout the Congress of the United States, and you will not find any person much fairer, much more just than Chairman Hamilton. He has leaned over backwards to be fair.

But, at the same time, when we sit here and listen to your testimony, in which you tell us that you have either withheld information from or misled or misinformed the Congress of the United States, that you have withheld information from the President, that you have either withheld information from or misled or misinformed the highest-ranking Cabinet members of the United States,

that you have withheld information from your most trusted deputy, Colonel North, I don't think it is improper for ary member of this panel to characterize that testimony as being incredible, mind-boggling, chilling. I think they are all proper.

I would hope that we can carry on the remainder of the testimony in a much more civil manner, and as my distinguished and gentle-voiced chairman has said, the PA system works well in here. We don't have to yell at each other. And I must say that it gets a little tiring to be lectured at.

Chairman HAMILTON. Thank you, Senator.

Mr. Nields, you may continue.

Mr. POINDEXTER. Mr. Chairman, could I say one thing in response to Senator Inouye?

Chairman HAMILTON. Yes, indeed, admiral.

Mr. POINDEXTER. Chairman Inouye, I don't think it is fair to say that I have misinformed Congress or other Cabinet officers. I haven't testified to that.

I testified that I have withheld information from Congress, and with regard to Cabinet officers, I didn't withhold anything from them that they didn't want withheld from them.

The only question I think that has come up is what Secretary Shultz said to me, and he was not aware of all the details but that was by his choice.

Chairman INOUYE. Admiral, I am not an expert on semantics. I will accept your correction, sir.

Chairman HAMILTON. Mr. Nields, proceed, sir.

Mr. NIELDS. Thank you, Mr. Chairman.

Admiral Poindexter, at this same period of time, I take it you were actively seeking from Congress aid for the Contras?

Mr. POINDEXTER. What timeframe are you talking about?

Mr. NIELDS. 1986.

Mr. POINDEXTER. Yes, we were.

Mr. NIELDS. And you eventually obtained it?

Mr. POINDEXTER. Yes. And I would like to make a point on that particular subject, and that is that the President requested on the 25th of February, 1986, the $100 million for the Contras. It took 8 months, until October 18, 1986, to get that funding through. The Senate voted on it first rather promptly. The House, by legislative maneuvering, held up the passage of that appropriation for a total of 6 months.

Mr. NIELDS. I take it you eventually got the $100 million?

Mr. POINDEXTER. Finally, in October of 1986.

Mr. NIELDS. And that was in a public bill?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. So that the public was aware now that the U.S. Government was going to give military aid to the Contras?

Mr. POINDEXTER. Yes, that is correct. There weren't any significant restrictions in the legislation.

Mr. NIELDS. And I take it that following the passage of that bill, the professional intelligence agencies carrying out the provision of military aid to the Contras would make periodic reports to the Congress?

Mr. POINDEXTER. I believe there was a requirement for that. It has been a long time since I've looked at the legislation.

Mr. NIELDS. And I take it one can assume, we hope that those reports made to Congress concerning their carrying out of this congressional legislation would be truthful?

Mr. POINDEXTER. Yes, certainly, because we are talking about the expenditure of proposed funds.

Mr. NIELDS. Why is it—and I take it that was what you were seeking to have happen?

Mr. POINDEXTER. Yes, because we knew that we needed substantially more money to carry out an effective program than we could raise any other way. And furthermore, we wanted a stronger public U.S. commitment to the Contras in their fight against the Communist Sandinistas, and the way to do that was through legislated appropriations.

Mr. NIELDS. So you were seeking a public bill providing for military aid to the Contras to be carried out by the U.S. Government with truthful, periodic reports about how the money was spent to Congress?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. My question to you is this: If that is what you were seeking to have happen, why was it, when the NSC was carrying out military support for the Contras, you felt it necessary to withhold information from the Congress?

Mr. POINDEXTER. Because we weren't using appropriated funds. They were private, third-country funds.

Mr. NIELDS. Which was the reason to withhold information from Congress when they inquired about it?

Mr. POINDEXTER. Two reasons. One, we wanted to—we wanted to return to a covert implementation of the policy. If it had been—if it had become public as to exactly what we were doing, there would have been all sorts of press inquiries down in Central America. It would have been a very hot political issue. It would have caused problems for our friends and supporters in Central America, and if we had revealed all those details because the press understood it was a controversial, political issue in the Congress, there would have been a lot of attention to it, which would have essentially destroyed our ability to carry on the support for the Contras under those very difficult situations.

The second point was that we didn't want more restrictive legislation introduced in some new form of the Boland Amendment. I knew that it would be controversial and that there were different interpretations of the Boland Amendment.

I felt that we were on strong legal ground with what we were doing and it was consistent with the President's policy, and I simply didn't want any outside interference.

Mr. NIELDS. The first thing you have said is that you wanted to return to a more covert way of supporting the Contras, but at the same time you were seeking a public declaration by the U.S. Congress that we were supporting the Contras——

Mr. POINDEXTER. But that doesn't——

Mr. NIELDS. Followed by periodic reports by the intelligence agencies to Congress about how they were carrying it out, isn't that true?

Mr. POINDEXTER. But by that time, I mean if we got the appropriation, we would have had a majority of Congress in favor of the

appropriation as, in fact, we eventually achieved. There would have been less likelihood of leaks at that point, and just because we have got a public declaration that we are going to provide $100 million does not mean that we are going to go public with exactly how we are implementing it.

I, frankly, haven't followed the implementation of the program, and I don't have access to information in my present position, so I am not quite sure what is happening, but I think in one of the exhibits you have a note of a meeting I had with the President some time in 1986, in which I discussed with him the fact that even though we were going to get a public appropriation, we needed to devise a method so that the implementation of that program could remain covert.

Mr. NIELDS. The second reason that you gave, as I understood it, was that this was a hot political issue and you didn't want any outside interference?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. Now, the outside interference we are talking about was Congress, and I take it the reason they were inquiring about Colonel North's activities, the Government's activities in support of the Contras, was precisely so that they could fulfill with information their constitutional function to pass legislation, one way or the other. Isn't that true?

Mr. POINDEXTER. Yes, I suppose that is true.

Mr. NIELDS. And that you regarded as outside interference?

Mr. POINDEXTER. The point was, and still is, that the President has the constitutional right and, in fact, the constitutional mandate to conduct foreign policy. His policy was to support the Contras.

Congress had put some restrictions on the use of appropriated funds. Those restrictions didn't apply to private funds. They didn't apply to third-country funds.

And the restrictions in the Boland Amendment, as I have said, did not apply to the NSC staff.

Mr. NIELDS. I take it there came a time when a plane was shot down in Nicaragua and Mr. Hasenfus parachuted down to safety and there were press accounts of it.

Mr. POINDEXTER. Yes, in early October 1986, I believe.

Mr. NIELDS. And statements were then put out by administration spokesmen denying any U.S. Government connection to that airplane?

Mr. POINDEXTER. I don't recall all of the statements. I do recall at one point my Public Affairs Officer coming in to me with some guidance that had been prepared in the State Department that I thought was too broad, and I asked—or told him to pass to the State Department that they should delete that particular answer.

We were being very cautious, I thought, in answering those questions.

Mr. NIELDS. Well, I guess my first question is, just so the record is clear, this was one of the planes that was being run by the Contra resupply operation?

Mr. POINDEXTER. Yes, a private operation, not U.S. Government.

Mr. NIELDS. But it would be quite untrue, would it not, to say that there was no connection with the NSC?

Mr. POINDEXTER. There was obviously knowledge about the NSC as to what the private organization was doing. There was coordination.

Mr. NIELDS. It was Secord's organization?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. And Colonel North has testified that every single dollar that went into the Swiss bank accounts that funded that organization went there because of him.

Mr. BECKLER. Because of whom?

Mr. NIELDS. Colonel North. We went through each item of financing, there was the Spitz Channell group and money was routed that way, there was country three, and there was Mr. Coors, and there were the proceeds from the Iranian arms sales.

Mr. POINDEXTER. Well, I would be surprised that if every penny that went into that went there because of Colonel North. I think he was absolutely essential in keeping the Contras alive during this period of time that we were restricted from using appropriated funds, and he was certainly instrumental, but—well, I think some of the private contributions and third-country contributions might have been more spontaneous than——

Mr. NIELDS. Well, perhaps I have overstated it, but I think that the record is fairly clear on the connection and relationship between Colonel North and the Secord operation.

Mr. POINDEXTER. Colonel North clearly understood what was happening and there was close coordination between Colonel North and General Secord.

Mr. NIELDS. There were, for example, statements such as the following, and you might want to turn to exhibit 92, again, with respect to this Hasenfus airplane. exhibit 92 is an article in the *Washington Post*, October 8, 1986, and the first paragraph reads,

> Top Reagan Administration officials yesterday flatly denied any U.S. Government connection with a transport plane that the Sandinista Government said it shot down in Nicaragua with three Americans and a man of Latin origin aboard.

And then at exhibit 94, there is a transcript of a briefing given by Elliott Abrams of the State Department, and on page 2 he states——

Mr. BECKLER. This is Evans and Novak.

Mr. NIELDS. Yes. There is a question by Mr. Evans,

> Mr. Secretary, can you give me categorical assurance that Hasenfus was not under the control, the guidance, the direction or what have you, of anybody connected with the American Government?

Mr. Abrams answers, "Absolutely. That would be illegal. We are barred from doing that and we are not doing it. This was not in any sense a U.S. Government operation—none!" And later on he is asked specifically about the National Security Council and makes the same statement.

My question to you is this: Who decided—if you know—who decided that these statements would be made to the public about the NSC's connection to the Hasenfus airplane?

Mr. POINDEXTER. Well, first of all, I don't consider the *Washington Post* a good source or accurate source.

Mr. NIELDS. Did you ever take any steps to correct the statements that were reported in the *Washington Post*?

Mr. POINDEXTER. I don't recall ever seeing that story. At this time almost 100 percent of my time was devoted to the President's summit meeting with Gorbachev in Reykjavik. This happened at that time. I paid very little attention to this issue.

Mr. NIELDS. It may be that that is an answer. I just want to make sure.

My question was who, if you know, in the U.S. Government is responsible for the decision to make these statements to the public?

Mr. POINDEXTER. I don't know the answer. I don't know that there was a conscious decision by anybody except the people that made them.

Mr. NIELDS. And then again I think you have said, maybe you didn't read these articles, but I want to make sure I have asked the right question: Did you take any steps during this period of time to correct statements like this made to the public?

Mr. POINDEXTER. Yes. I just said that the one instance I can recall—and I believe it was shortly after we returned from Reykjavik, Commander Handley, my public affairs officer on the NSC staff, came to me with some guidance the State Department had prepared which I thought was too broad and too all encompassing. I asked him to make sure they did not use that.

Mr. NIELDS. Did you make any suggestion or request that the statements previously made be corrected?

Mr. POINDEXTER. I don't think I ever saw the previous statements.

Mr. NIELDS. I have just a few more questions, admiral, and I will be through.

You said you had worked for this President for some 5½ years, I believe?

Mr. POINDEXTER. Yes. That is correct.

Mr. NIELDS. And you had come to know what he wanted and what his policies were?

Mr. POINDEXTER. Excuse me, Mr. Nields. Was there a question at this point?

Mr. NIELDS. I think there was a question.

Mr. POINDEXTER. Would you repeat it, please?

Mr. NIELDS. Yes.

I think you have already testified to this, that over the 5½ years that you worked for this President, that you came to know him and what he wanted and what his policies were?

Mr. POINDEXTER. Yes. That is correct.

Mr. NIELDS. And when the issue of what has been referred to as the diversion was brought to you, I think you testified that based on your 5½ years, you knew how he would want that decision to be made?

Mr. POINDEXTER. Yes. That is correct.

Mr. NIELDS. And you felt, therefore, that you could make the decision yourself without bringing it to him?

Mr. POINDEXTER. And, more importantly, I think—well, as importantly, I thought I had the authority to do that.

Mr. NIELDS. Because this was an implementation you felt of a policy that you—of his that you already knew about?

Mr. POINDEXTER. Yes. That is right.

Mr. NIELDS. But, admiral, didn't the diversion proposal raise really two issues: One of them was what did the President favor? And that I think you have already testified you believed he would favor the diversion and, therefore—and that you felt confident you knew that? But didn't it raise a second issue? And that is—are you still with me?

Mr. POINDEXTER. Yes. I am listening.

Mr. NIELDS. That is the question of whether he would want to be told or whether he would want to be shielded from responsibility for a politically embarrassing decision? Didn't it present that second issue, too?

Mr. POINDEXTER. I suppose it did.

Mr. NIELDS. And my question to you is this: Based on your 5½ years of experience with him, what led you to believe that he would want deniability as opposed to responsibility for an embarrassing political decision?

Mr. POINDEXTER. That was a personal judgment on my part.

Mr. NIELDS. Did you believe it was what he would want?

Mr. POINDEXTER. The situation I think was very clear in my mind. As I have testified, I felt confident that he would want to do this. He was very secure in his belief that it was the only way that we could bring about a democratic change to the government in Nicaragua; that it was the only way that we could keep from at some point in the future having to use U.S. soldiers on the ground in Central America.

He felt confident that unless we brought about a change to this government, at some future point, some future President would have to make the decision to send U.S. troops down to Central America.

He wanted to avoid that. He was willing, by my assessment, to take unilateral action.

In other words, the President exercising his constitutional authority without necessarily getting the agreement from Congress. Later on, I had a specific discussion with him on that subject, which I referenced briefly the other day and you have it as one of the exhibits in your book.

Mr. BECKLER. Exhibit 45, counsel.

Mr. POINDEXTER. Exhibit 45. And if I might, I would like to read this. It is a PROF note from me, and I was aboard Air Force One at the time, and it was back to my staff in Washington. It reads: "Next, yesterday in a meeting that I had with the President, he started the conversation with 'I am really serious.'"

And the rest—this is also a quote,

"If we can't move the Contra package before June 9, I want to figure out a way to take action unilaterally to provide assistance." In other words he does not buy the concept of taking actions or talking about pulling out as described in the package. He has been reading Netanyahu's book on terrorism, and he was taken with the examples of Presidential actions in the past without congressional approval. He also read an op-ed piece on the same subject. I believe that was the one by Dick Pipes' son. The President is recalling the 506(a) action we took on Honduras. I told him that I didn't think that that particular provision would apply here, since we are not dealing with a government. But the fact remains that the President is ready to confront the Congress on the constitutional question of who controls foreign policy. We need to get Abe Sofaer and other stalwart lawyers thinking in these terms to see if there is some way we could do this, if all else fails.

Mr. NIELDS. He is talking there about special powers that may or may not exist, but he is talking about special powers of the President of the United States?

Mr. POINDEXTER. That is correct.

Mr. NIELDS. Not powers of the National Security Adviser who has never been elected by anybody? Isn't that true?

Mr. POINDEXTER. Obviously—say that again.

Mr. NIELDS. I think that is just a yes or no question. You can expand if you wish. He was not talking about powers of the National Security Adviser?

Mr. POINDEXTER. He was talking about his powers.

Mr. NIELDS. Now my question to you is: What was it that made you believe that he wanted those special powers exercised by you with deniability rather than responsibility on his part?

Mr. POINDEXTER. That was a judgment call on my part based on a long time in government and a long time working with the President.

Mr. NIELDS. Are you saying that there is something that you learned from working with this President that led you to believe that he did not want responsibility for an embarrassing political decision, but wanted deniability?

Mr. BECKLER. Objection, Mr. Chairman. The witness did not say that. That is what counsel said. That is his conclusion. The witness has said, he has testified over and over, that he had authority.

Chairman HAMILTON. Counsel, let the witness answer in his own way.

Mr. POINDEXTER. The President never indicated in any way to me that he did not want to be responsible for his decisions or that I should provide deniability to him, if that is what you are getting at. This was an integration of a lot of experience that I had that made me conclude that this was the way we should go.

Mr. NIELDS. The same issue was raised—and I will ask you the same question—about the destruction of the Finding. What was it, if anything, that made you believe that your President would want you to destroy a Presidential document in order to avoid embarrassment to him?

Mr. POINDEXTER. I didn't analyze, when I saw that Finding on the 21st of November, what the President would want, one way or the other.

Mr. NIELDS. The same issue was presented, and I will ask you the same question, about sending Oliver North to brief the Congress and at the same time withholding information. What, if anything, led you to believe that your President would want—our President would want Colonel North to go to the members of the House Intelligence Committee, who were asking him questions about his support of the Contras, and withhold information?

Mr. POINDEXTER. That was a personal decision on my part, as I have testified. The President didn't enter into that matter.

Mr. NIELDS. Mr. Chairman, I have no further questions.

Chairman HAMILTON. The committees will take a 10-minute recess. When we return, we will begin questions by Mr. Leon.

[Recess.]

Chairman HAMILTON. The joint hearings will resume with questioning by the Deputy Chief Minority Counsel for the House, Mr. Leon.

Mr. LEON. Thank you, Mr. Chairman.

Good morning, admiral.

Mr. POINDEXTER. Good morning.

Mr. LEON. Admiral, I have been listening intently to the questions you have been asked for the last 2 days, and I have been thinking about the fact of the depositions that you went through.

Mr. POINDEXTER. Right.

Mr. LEON. All four of them.

And I can't help but remember one specific section in the first deposition on May 2nd. I would like to start off by harkening back to that and asking a followup question in regard to it.

Bear with me if I have to read a page or so.

I refer back to the May 2nd deposition about 2½ months ago, on page 73, and this series of questions and answers came up after you had been describing to Mr. Liman, who was questioning you, the events with regard to your decision to allow Colonel North to go ahead with the diversion; your accepting responsibility for it; your decision (and your telling Mr. Liman now and the committees at that point for the first time), your decision to not tell the President and the reason for it, being deniability.

And you pointed out, just before this series of questions that I am going to read, that you decided not to tell Colonel North that you were not going to tell the President. And upon going through all that, Mr. Liman engaged in a series of questions with you on page 73.

Question: And I want to be sure, because this is obviously a question that is on the minds of a number of people, and I am not trying to take away legal defenses in terms of your apparent authority, Mr. Beckler. I see you are ready to jump in. You realize that this is an important issue in the investigation. You are an admiral, correct?

And the answer was, "Correct."

The President is your Commander in Chief?

Your answer was, "Correct."

Question: There are some things that in order to protect the Commander in Chief you would lie about.

Your answer was, "No, at this point there are not. I do feel, well, let me put it this way—I always felt as the National Security Adviser, and this goes back to—well, I had two commissions. I think it is important that that be understood. I had a commission not only as a naval officer, as a flight officer——

Mr. BECKLER. Excuse me, that is flag officer.

Mr. LEON.

Flag officer, an admiral in the Navy, but I also had a commission as assistant to the President and I always tried to keep those two positions in my mind, at least, separate. That is frankly one of the reasons I haven't appeared in uniform. I think this is a political issue. I was essentially in a political position. I was still covered by the Hatch Act, but I haven't been out involved in partisan political activity, and I felt that as an assistant to the President, I had the authority to make those kinds of decisions. It was a judgment call. It was, you know, clearly it was an important decision. But as I always said, I always felt that it was completely consistent with our methods of financing the Contras, but obviously knew that it would be controversial.

Question by Mr. Liman:

Where did you think the money was coming from?

Interruption by Mr. Nields:

Wait a minute. Did you get an answer to your question? You may have, but I am not sure. I think he asked you whether there were items—you are an admiral.

The Witness: That I would lie about now.

Mr. Nields: To protect your Commander in Chief.

Admiral Poindexter: I recognize I have immunity now with the exception of perjury or making a false statement. What I am telling you are the best—the facts of my knowledge and so at this point, even to protect the President, I would not lie about it.

Do you remember making those statements, admiral?

Mr. POINDEXTER. Yes, I do, Mr. Leon.

In fact, the whole point of taking the decision that I did in February of 1986, was to avoid that very problem now. I protected the President by my decision, in my opinion, in February of 1986. I don't have to do anything today to protect him.

Mr. LEON. You believed that then, did you not?

Mr. POINDEXTER. I did.

Mr. LEON. Is that equally applicable today?

Mr. POINDEXTER. It certainly is.

Mr. LEON. It has been your testimony in part at different points, I think it was yesterday that you said that it was part of your mission as the National Security Adviser to protect your Commander in Chief. And I recognize here the reality that credibility, like beauty, to a certain extent lies in the eye of the beholder.

Let me ask you this again, are you here and can you here today assure this committee that as you appear under a grant of immunity, you are not here on some mission to protect your Commander in Chief?

Mr. POINDEXTER. That is correct.

As I said, I took actions to protect him many months ago and I am here now to tell the facts as best I recall them and to lay it all out.

Mr. LEON. Let me ask you about another area that might help put a little bit in perspective some of the decisions you were making and some of the facts that you did or didn't do during this time period that you were the National Security Adviser to the President.

I think you testified that you had global responsibility.

Mr. POINDEXTER. Yes, that is right.

Mr. LEON. And I believe you have testified that you had a responsibility to review certain sources of information on a regular basis, information from the State Department, the Central Intelligence Agency, and the Department of Defense; is that correct?

Mr. POINDEXTER. Right, and private individuals.

Mr. LEON. And you had to evaluate, synthesize and evaluate that information on a daily basis?

Mr. POINDEXTER. That is right, 7 days a week.

Mr. LEON. Covering issues around the world?

Mr. POINDEXTER. That is correct.

Mr. LEON. You said you received hundreds, I believe, hundreds of PROF notes daily from your staff.

Mr. POINDEXTER. That is correct.

Mr. LEON. What was your average day like?

Mr. POINDEXTER. I would usually get up around between 5:30 and 6:00, get to the office by 7:00. My first meeting was with the office directors of the NSC staff at 7:30. At 8:00, the Chief of Staff had a

daily operations meeting that I attended. At 9:30, I met with the President, usually it lasted about a ½ hour, and then at 10:00, my day began, depending on the particular schedule.

Often I would spend several additional hours a day with the President in meetings that he attended on issues in my area of responsibility, national security.

Mr. LEON. Were you supposed to take the lead in many of those meetings?

Mr. POINDEXTER. Yes, I was, in the NSC and NSPG meetings and briefings for the President on various subjects.

And I would work until usually somewhere around 9:00 p.m. in the office, and leave, go home, have dinner, then work until about midnight, go to bed and get up the next morning.

Mr. LEON. Seven days a week?

Mr. POINDEXTER. Six days a week. I went to church sometimes on Sunday morning—not as often as my wife would have liked.

Mr. LEON. You had five boys to attend to as well?

Mr. POINDEXTER. That is correct. I did paperwork then on Sunday afternoon or Sunday evening.

Mr. LEON. How much of your time did you spend supervising and overseeing Colonel North? Or should I say, could you have spent?

Mr. POINDEXTER. In terms of the total number of hours that I worked, it would be a relatively small percentage.

Mr. LEON. During the year 1986, when you were the President's National Security Adviser, there were many serious problems that arose during the course of that year for you and the President, were there not?

Mr. POINDEXTER. We had a very busy year.

Mr. LEON. You were involved in the saving of democracy in the transition of the government in the Philippines?

Mr. POINDEXTER. Yes.

Mr. LEON. The Libya raid?

Mr. POINDEXTER. Yes.

Mr. LEON. The Tokyo summit?

Mr. POINDEXTER. Yes.

Mr. LEON. Marshaling the Contra aid bill legislation through Congress?

Mr. POINDEXTER. Yes.

Mr. LEON. The Duvalier departure?

Mr. POINDEXTER. Yes.

Mr. LEON. The release of Olav and Scharansky from the Soviet Union?

Mr. POINDEXTER. Yes.

Mr. LEON. The Soviet spy problem as a continuing problem in the United States, and at the UN in particular.

Mr. POINDEXTER. Yes.

Mr. LEON. The Reykjavik summit?

Mr. POINDEXTER. Yes.

Mr. LEON. Which was in October of 1986.

Of course the elections in 1986, the rewriting of the NSDD 238.

Mr. POINDEXTER. Yes.

Mr. LEON. As well as all matters relating to the People's Republic of China in an effort to strengthen the relationship there?

Mr. POINDEXTER. Yes.

Mr. LEON. And of course there was the Iranian initiative as well, was there not?

Mr. POINDEXTER. That is correct, and the continuing support to Central America.

Mr. LEON. During that 11-month period that you were the President's National Security Adviser, your principal deputy had been basically in the hospital for treatments for 6 of those months, had he not?

Mr. POINDEXTER. Yes. Mr. Fortier went into the hospital while we were at the Tokyo summit in May and never returned.

Mr. LEON. So that was the context in which your supervisory roles, to the extent you could perform them, were being done with regard to Colonel North and that was the context in which you were in a position to be focusing on the details of what he was doing in Central America?

Mr. POINDEXTER. That is correct, but I think it is also important to point out that I was comfortable in doing it that way, and that I had selected a very good man to do the job. He had broad objectives, giving him the authority that was necessary to carry out those objectives, and I was always confident that he was doing the best that he could to reach those objectives.

Mr. LEON. And in the tradition of the Navy, as captain of a ship, you accepted responsibility for what he did under your watch?

Mr. POINDEXTER. Absolutely.

Mr. LEON. Let me go to a couple of other points before I focus on specific areas. With respect to the National Security Council. Did the NSC, during your experience there as deputy and later as the adviser to the President, play an operational role in the, let's say, the Libya raid?

Mr. POINDEXTER. Yes, we did.

Mr. LEON. Did it play an operational role in the Grenada incident?

Mr. POINDEXTER. Yes. In fact, we started the planning for that.

Mr. LEON. How about an operational role in the Achille Lauro incident?

Mr. POINDEXTER. Yes, very great involvement.

Mr. LEON. And in each of those situations, there was great success, was there not, on the part of the U.S. Government?

Mr. POINDEXTER. We thought there was.

Mr. LEON. Would it be fair to say that the people of the United States thought so too?

Mr. POINDEXTER. I think that is fair to say.

Mr. LEON. Was there any criticism of the operational role that the NSC played after the success of those incidents?

Mr. POINDEXTER. None that I know of. There may have been some irritation within some of the departments.

Mr. LEON. Because of the cutting through of red tape, perhaps?

Mr. POINDEXTER. Yes.

Mr. LEON. Now, I think you testified at one point in one of your depositions that you don't believe the NSC should be or is an ivory tower?

Mr. POINDEXTER. That is correct.

Mr. LEON. Do you still hold to that position?

Mr. POINDEXTER. I do.

Mr. LEON. Why don't you explain that?

Mr. POINDEXTER. The problem is that—as I have hinted at before, but this is an opportunity to expand on it—we live in a very imperfect world. You don't always have good decisions—good options to make, and decisions are necessary. The stakes are simply too high for us not to take actions. Invariably, because you don't always have good options, there are high risks involved.

The bureaucracy—and I don't mean to demean them in any way, because there are a lot of very fine, dedicated public servants out there in the bureaucracy—but the problem is that many of the options that a President has in managing foreign policy involve high risk, and because of the mechanics of our government, the bureaucracy doesn't handle risk very well, high-risk situations. They are always concerned about failure and the results of failure.

This episode that we are presently involved with, I think, is a good demonstration of the costs of failure, because clearly our Iranian project failed, we didn't achieve our objectives, it was exposed before we had a chance to achieve the success that we thought was possible.

Now, because the cost of failure is very high, the bureaucracy is not willing to recommend, often recommend, or certainly endorse high-risk operations, because of their fear of failure and the resulting harangue that comes about because of failing. Therefore, they don't make those kinds of hard options available to the President. And I think one of the roles of the NSC staff has got to be to bring these options to the President, and because the bureaucracy is often not willing to push them once a decision is made, push them vigorously, I feel that in the very real world that we live in, the NSC staff has got to be the catalyst that keeps the process moving forward, keeps the President's decisions moving along, and helps to make sure that they are implemented, and that often involves an operational role for the NSC staff. Their only loyalty is to the President.

Mr. LEON. You have just stated that there were times that you had to bring those kinds of options—in certain circumstances that were high risk—to the attention of the President?

Mr. POINDEXTER. Yes.

Mr. LEON. In that case, you made a judgment not to bring a high-risk option to the attention of the President with respect to diversion, isn't that right?

Mr. POINDEXTER. That is correct.

Mr. LEON. With respect to that decision, you have testified ad nauseum that you thought had you brought it to the President's attention, he would have approved it?

Mr. POINDEXTER. Yes. That is why I was comfortable with taking that decision.

Mr. LEON. The events that have transpired since it was brought to the President's attention by the Attorney General on the 24th, seemed to suggest, admiral, that you guessed wrong?

Mr. POINDEXTER. Well, I disagree with you, Mr. Leon.

Mr. LEON. Did he not accept your resignation and have Colonel North reassigned?

Mr. POINDEXTER. Excuse me—that was always——

[Counsel conferring with witness.]

Mr. POINDEXTER. When I took that decision in February of 1986, I clearly recognized that if the action were exposed eventually that I would have to resign. I didn't talk to anybody about that. That was a personal decision on my part, a personal conclusion, and I was prepared to do that. I thought it was that important to keep the Contras alive in Central America as a fighting force until we could bring about a change in the legislation, which I was convinced we could do, because I have always felt that a majority in the Congress supported the program. There are many here in the Congress that do not support it for various reasons.

I think, as with all compromises, there is often a lot of arm twisting that goes on on both sides of the issue. But I have been convinced in my mind for a long time that if the majority of the people had all of the facts, which we tried to put out—it is very difficult to get the facts across as to what the situation is in Central America when you have the Soviets and their proxies putting out false information, and most—much of the press of the United States has been opposed to it.

But I have always felt that if the American people, the average American citizen out there, understood all of the issues involved, that they would support the President's program. People don't want a Communist Government on the Mainland of the Americas. That is very clear to me.

The response to Colonel North's appearance here and the responses that I have received since I have been up here confirm that for me.

Mr. LEON. But the President, admiral, has indicated in questioning to the press that since these events have transpired, that had it been made aware to him that that option existed of diversion of residual funds, that he would not have authorized it. He said that.

Mr. POINDEXTER. I understand that he said that, and I would have expected him to say that. That is the whole idea of deniability.

Mr. LEON. You testified a while ago that you hadn't given any thought, as I recall it, as to whether the President wanted deniability. You hadn't focused on that?

Mr. POINDEXTER. I really didn't focus on that issue.

Mr. LEON. Nor do you have any reason to believe that he did necessarily want deniability?

Mr. POINDEXTER. That is correct. In fact, the answer to that would probably be that he did not want deniability.

Mr. LEON. Was it your experience that the President was unwilling to face up to tough political questions?

Mr. POINDEXTER. Absolutely not. As I tried in my testimony yesterday or the day before to point out, that this President was willing to make tough decisions.

Mr. LEON. Was there ever any instance in the 5½ years that you worked at the NSC that you were aware of when the President said after he had been made aware of a risky or difficult political choice, don't bring that to my attention in the future?

Mr. POINDEXTER. Never.

Mr. LEON. With respect to Director Casey, you have testified, I believe, correct me if I am wrong, that you believe Casey had a su-

pervisory role or some kind of a role with respect to the Iran initiative after that January 17th Finding was signed; is that accurate?

Mr. POINDEXTER. I think more than a supervisory role. The Finding, Presidential Findings, are addressed to the Director of Central Intelligence. As it turned out, I always viewed the entire operation as essentially a joint operation. Colonel North had been involved with it before the Finding.

I think Director Casey appreciated Colonel North's capabilities as much as I did, and it was a mutually agreeable decision on both of our parts to essentially have it as a joint operation with Colonel North working the issue for me and there were several people, some have been identified, some haven't, that worked the issue for Director Casey.

Mr. LEON. Where would Director Casey have fit in the chain of command vis-a-vis Colonel North and yourself?

Mr. POINDEXTER. There are two different chains of command. Bill Casey was the Director of Central Intelligence reporting to the President, often through me. That was not a requirement, but out of courtesy to me and because of respect for the President's time, Bill often reported to the President through me.

And I don't want to say that Bill Casey worked for me in any way, but the chain of command did at least include me as a dotted line out to the side.

Mr. LEON. Was he in a position, as you understood it, to give orders to Colonel North with respect to carrying out the Iran initiative without first clearing them through you?

Mr. POINDEXTER. Not in a position of giving orders, but I certainly expected and wanted Bill Casey and Ollie to talk frequently.

Mr. LEON. He testified they did, and that they had numerous discussions.

Mr. POINDEXTER. That is correct.

Mr. LEON. And, in fact, they had numerous discussions, apparently, with regard to the diversion, and I believe it is your testimony that Colonel North didn't keep you apprised of those.

Mr. POINDEXTER. That is correct. I was unaware of that. It appears now after the fact that both Bill and I knew about the diversion, but I did not know that he knew and we never discussed it.

Mr. LEON. He must have known that you knew?

Mr. POINDEXTER. Oh, I am sure he did.

Mr. LEON. He never told you that he did?

Mr. POINDEXTER. No. He—he is a—he probably is as——

Mr. LEON. A master——

Mr. POINDEXTER. As secretive and keeps things as compartmentalized as I do. He is a good teacher, was a good teacher.

Mr. LEON. Colonel North certainly seemed to think so. While we are on the subject of the diversion, you have testified repeatedly and ad nauseum with regard to that and I don't want to retrench that whole area.

Mr. BECKLER. Thank you, counsel.

Mr. LEON. I would like to ask you this, though colonel—admiral. Do you have any knowledge or information or any basis to believe for that fact that Colonel North did tell the President about the diversion?

Mr. POINDEXTER. I have absolutely no reason to believe that he did.

Mr. LEON. Do you have any knowledge——

Mr. POINDEXTER. I would be almost willing to say absolutely he did not. There was never an opportunity, and furthermore, Colonel North would not have done that without talking to me about it.

Mr. LEON. Do you have any knowledge or reason to think that the President learned about the diversion from some other source other than Colonel North or yourself, as you have testified?

Mr. POINDEXTER. I don't have any reason to believe that.

Mr. LEON. Now, there has been some discussion in these hearings with regard to a particular exhibit and with regard to the possibility of briefings by you of the President with regard to diverting money from the arms sales transactions to Iran for the purposes of other covert programs.

I believe you have testified that you were unaware of the existence or even the prospect of such programs that Director Casey had in mind?

Mr. POINDEXTER. Well, I don't think I have testified quite that way.

Mr. LEON. Let's focus your attention on that. Let me ask you to look at exhibit 58, which is an unclassified version of the September 15, 1986, memorandum that has received so much attention recently, and I would ask you also to look at JMP-E, which is the classified version of it, so you will have it for comparison, taking appropriate steps to ensure that the contents of it, of course, are not revealed.

But I think that is letter "E", Mr. Beckler.

I would like to direct your attention to that particular memorandum. This was exhibit 303 in Colonel North's testimony. You are familiar with these exhibits, are you not, admiral?

Mr. POINDEXTER. Yes. I obviously saw them at one point because I have got some notes on them and I have read them.

Mr. LEON. Let me ask you this—with respect to—you can use, of course, JMP-E, the classified version, as an additional reference for yourself, but let's focus on the unclassified version, which is exhibit 58, if you will.

Starting with the first page of that exhibit, is there any reference that you can see on that page with respect to the prospect of diverting money from the arms sales transactions with Iran for any purpose?

Mr. POINDEXTER. No. Neither in exhibit 58 or the classified version of it.

Mr. LEON. Why don't you turn to the second page of both copies that you have?

Now, the unclassified version obviously has nothing there, but if you would refer to the second page of the classified version, do you see any reference in there to the diverting of money from the Iranian arms sales for the purpose of other covert programs?

Mr. BECKLER. Bear with us, counsel. We have to read this.

Mr. LEON. Please, take your time.

Mr. BECKLER. Just on that one page is the question?

Mr. LEON. Yes, counsel.

Mr. POINDEXTER. There is nothing to indicate the use of diversion or the use of residual funds to finance this.

Mr. LEON. Turning, if you will, to the third page, which is the last page of the unclassified version, exhibit 58, you are familiar with this page, are you not, admiral?

Mr. POINDEXTER. Yes, I am.

Mr. LEON. Is there any reference on that page to the diverting of money from the Iranian arms sales for the purpose of funding any other kinds of covert programs?

Mr. POINDEXTER. No, there are not.

Mr. LEON. Is it your testimony today that this exhibit does not establish the fact that the President was briefed as was indicated on here on the first page, that there was a briefing, with your initials and "done," that there was any briefing by you of the President of the United States with respect to the possibility of diverting funds from the Iranian arms sales transactions?

Mr. POINDEXTER. No, there is absolutely no indication of that. The President was getting ready to meet with Prime Minister Peres and there were several items that they wanted him to discuss with Prime Minister Peres.

The unclassified issue was on the hostages, and essentially I wanted the President to thank Prime Minister Peres for the assistance that the Israeli Government was giving to the United States in this regard and the other aspects of the Iranian project.

The other issues are classified, but I can testify that there is nothing in those other issues that talks about the use of residual funds for any covert activity.

Mr. LEON. With respect to the briefings that you did give to the President, as with regard to this document and other briefings, did you ever brief the President about the prospect of diverting funds from the Iranian arms sales for any other covert programs?

Mr. POINDEXTER. No, I did not.

The reason that I said a moment ago that I didn't believe I testified quite the way you phrased it is that we did—not the President, but Colonel North, others on my staff, and I—and I believe also I discussed it with Director Casey, the possibility of conducting some other operations with other third countries, but even in those discussions, there was no discussion of the source of funding that would be required for those cooperative efforts.

Mr. LEON. So the notion that—circulating around in the media and other places—that the President had had proposed to him the possibility of getting money from the Iranian arms sales to fund other things has no basis as far as you know?

Mr. POINDEXTER. None whatsoever.

Mr. LEON. Let me ask you something about deniability. Would you agree with me, admiral, that deniability in essence is a two-sided coin? On the one side of the coin, as you testified, people that you did not inform—such as the President, Donald Regan, the Secretary of State, Elliott Abrams—with regard to the diversion, they were freed, by not being informed, from choosing, in essence, between disclosing the information you didn't tell them about or making a false statement if confronted and questioned about it by Britt Hume or Robert Novak, Congressman Hamilton, or one of the Senators?

Mr. POINDEXTER. That's correct.

Mr. LEON. They were freed from that choice by your decision.

But the reverse to that coin is that you had to face that choice if you were confronted?

Mr. POINDEXTER. That's correct.

Mr. LEON. Colonel North was faced with that dilemma, was he not, in essence, in August, 1986?

Mr. POINDEXTER. Reviewing it after the fact, yes, indeed, he was faced with that problem.

Mr. LEON. Before he went to that briefing of the House Intelligence Committee that you agreed to, that you sent him to, did you consider the possibility that there might be a diversion question to him, some kind of inquiry along those lines?

Mr. POINDEXTER. I don't believe that thought crossed my mind, Mr. Leon.

We had kept—he and I had kept this issue, I thought, very highly compartmented and I didn't have any indication at that point that there were any leaks.

Mr. LEON. How about when the Hasenfus plane went down in October of 1986 and it was reported that Southern Air Transport Company was involved in that, and, of course, that was the same airline that was involved in the Iranian initiative. There were connections in there and there were all these statements out there on the record about no U.S. Government involvement.

Did you consider the possibility at that time that Colonel North might be questioned or you might be questioned about a diversion link between the two?

Mr. POINDEXTER. I don't think at that time the diversion link crossed my mind. We were concerned, though, because Southern Air Transport was involved in the private effort to support the Contras. They were also—I was informed, I don't think I realized it until the time, when Colonel North reported to me that Southern Air Transport was involved in the Iranian project.

As a result of that, I did make a call to Ed Meese and asked him to hold up either—either hold up on the investigation of Southern Air Transport or just make sure that the investigators understand that there maybe some other very sensitive information that they could come upon and he should take the necessary steps to make them aware of that possibility.

As I recall, I left it up to him as to how he handled it. I just alerted him to the fact. Of course, he was aware of the Iranian project and I felt comfortable in talking to him about it.

Mr. LEON. Now, on November 25th—I don't know if you saw the testimony of Elliott Abrams, but on November 25th, he was asked—on the day of your resignation—he was asked the question by a Senate committee with regard to funding in the Brunei area, third country funding.

Four days before that, you had a briefing with a House Select Committee. Had you considered before you met with the House and Senate committees on the 21st the possibility that diversion or funding of third countries might come up in your briefing?

Mr. POINDEXTER. No. I don't think I had any indication or even considered that a possibility.

Mr. LEON. Had you decided, going in, how you would handle it if you were asked about diversion or funding by third countries?

Mr. POINDEXTER. I probably—it's a hypothetical question. I hate to answer those.

Mr. LEON. But I think your answer is that you hadn't thought about it?

Mr. POINDEXTER. That's right. I had not thought about it.

Mr. LEON. Now, with respect to the Attorney General's involvement here, I believe it has been your testimony that the Attorney General was not at the December 7th meeting in 1985, I think the meeting you have referred to as the family quarters meeting; is that correct?

Mr. POINDEXTER. Yes. It was over on the second floor of the residence.

Mr. LEON. That was the meeting at which Secretary Weinberger raised the issue of legality that you hoped the Attorney General later on would be helpful on; is that right?

Mr. POINDEXTER. Yes. That's correct. That was the first opportunity I had had to hear at any length Secretary Weinberger and Secretary Shultz speak about the issue.

I had spoken to both of them, as I recall, that week prior to the meeting to give them a heads-up that we were planning a meeting in the residence on Saturday, and gave them the subject matter. And I think in both of those calls, that was probably the first time that I had an opportunity to talk to either one of them.

Mr. LEON. Now, on the day of that meeting, December 7th, by that point in time, you had already had—and I believe you testified—the Finding signed, the November 26th Finding it's referred to as.

Mr. POINDEXTER. Yes, indeed. It would have been signed by that time.

Mr. LEON. That was the Finding that you were unsatisfied with?

Mr. POINDEXTER. That's correct.

Mr. LEON. And that was a CIA product from its legal department, Mr. Sporkin?

Mr. POINDEXTER. Yes, that's correct.

Mr. LEON. And the Attorney General had nothing to do with the preparing of that Finding to that point?

Mr. POINDEXTER. Not to my knowledge.

Mr. LEON. And I believe you testified after the December 7th meeting when the legality issue was raised, that you asked Colonel North to at some point in the future get in touch with the Attorney General with regard to improving the Finding; is that your testimony?

Mr. POINDEXTER. Yes. Well, it was a little more than that. I wanted a more comprehensive Finding prepared that indeed addressed all of the President's thinking on the subject of Iran.

Mr. LEON. Now, Mr. Nields questioned you at length with regard to the various versions of the January Finding that culminated in the January 17th Finding; you recall that, don't you?

Mr. POINDEXTER. Yes, I do.

Mr. LEON. And I believe you recall his pointing out, and I think you're acknowledging that that Finding was prospective in nature, not retroactive in nature?

Mr. BECKLER. Which Finding are we talking about?

Mr. LEON. For that matter, any one of the January versions that culminated in the January 17th Finding.

Mr. POINDEXTER. They were prospective; that's correct. And I guess it is also important to point out that the Finding that was signed on the 5th of December had this retroactive nature as well as a prospective nature, but nothing was carried out under—from the period of 5 December, 1985, until 17 January, 1986.

Mr. LEON. Did you ever personally sit down and discuss with the Attorney General or over the phone discuss that—your unhappiness with that November 26th Finding?

Mr. POINDEXTER. I don't believe I did.

Mr. LEON. OK. Were you ever present when that was discussed in his presence, any problems with regard to it?

Mr. POINDEXTER. No, I don't believe.

Mr. LEON. Did you have any knowledge that he ever reviewed it or saw it prior to the January 17 Finding?

Mr. POINDEXTER. I have no indication of that.

Mr. LEON. Or for that matter, prior to the November 22nd, 1986, incident when he interviewed the counsel to the CIA, Judge Sporkin?

Mr. POINDEXTER. I don't have any reason to believe that Ed was aware of that Finding.

Mr. LEON. Now, with regard to the Boland Amendment, admiral, just a few questions in that regard.

You have testified that your position was, and still is, I believe, that the NSC is not covered by the Boland Amendment?

Mr. POINDEXTER. That's correct. That's what I believe.

Mr. LEON. And of course you have acknowledged that that is a different opinion than your predecessor, Mr. McFarlane, had?

Mr. POINDEXTER. That's my judgment. I recognize others have different judgments. That's supposedly left to the courts to decide.

Mr. BECKLER. Mr. Chairman, I'm not sure if Admiral Poindexter ever acknowledged in so many words what Mr. McFarlane's opinion is of it and how it's different from his own.

Mr. LEON. I think he now has.

Mr. POINDEXTER. I just simply said that I recognize that others have other judgments.

Mr. LEON. Were you aware when you were Mr. McFarlane's deputy that he had a different opinion than you as to the applicability of Boland to the NSC?

Mr. POINDEXTER. I don't think that that was as clear to me then as it has been made during his recent testimony.

Mr. LEON. Were you aware of the Intelligence Oversight Board opinion in September of 1985, in which it was concluded that the Boland Amendment does not apply to the NSC?

Mr. POINDEXTER. Yes. I was aware of that determination.

Mr. LEON. Did you have any reason to think that that was—that that conclusion, that legal conclusion in that opinion was questionable or erroneous in any way?

Mr. POINDEXTER. No. I have a very high regard for not only the general counsel of the Intelligence Oversight Board but also the three members who are very distinguished gentlemen.

Mr. LEON. Did you see any reason to have that opinion re-evaluated and re-assessed by the Attorney General or the White House counsel?

Mr. POINDEXTER. No. I did not.

Mr. LEON. Did you accept it as being correct?

Mr. POINDEXTER. Yes. I had made that conclusion on my own as a layman and this just simply reinforced it.

Mr. LEON. Now, in August of 1986, after you had been NSC adviser for about 9 months, 8 months or so, and the Resolution of Inquiry issue arose, the question of Boland's applicability to the NSC was there again staring you in the face, was it not?

Mr. POINDEXTER. In effect, it was.

Mr. LEON. Did you consider on that occasion, with a media blitz, as you've described, of accusations with regard to Colonel North, did you consider at that time seeking the counsel of the White House counsel's office or the Attorney General of the United States to help prepare yourself and your office for dealing with the Resolution of Inquiry?

Mr. POINDEXTER. No. I just—I didn't think about it at the time. I was handling a lot of issues. I just didn't do that kind of analysis.

Mr. LEON. Had anybody suggested it to you?

Mr. POINDEXTER. Not that I can recall.

Mr. LEON. Commander Thompson was an attorney, was he not?

Mr. POINDEXTER. Yes.

Mr. LEON. Was it your impression that he concurred with the opinion of the Intelligence Oversight Board?

Mr. POINDEXTER. That was my impression.

Mr. LEON. And he didn't suggest to you that you should go to the Attorney General or the White House counsel?

Mr. POINDEXTER. No. He did not.

Mr. LEON. In retrospect, do you wish you had?

Mr. POINDEXTER. Well——

Mr. LEON. I recognize that's a hypothetical question.

Mr. POINDEXTER. Maybe I better not set a precedent by answering it.

Mr. LEON. If you'd rather not, don't.

Mr. POINDEXTER. I'd rather not answer hypothetical questions.

Mr. LEON. Admiral, you've testified at length with regard to your management style.

Mr. POINDEXTER. Yes.

Mr. LEON. Vis-a-vis Colonel North and others who served under you?

Mr. POINDEXTER. Yes. That's correct.

Mr. LEON. You believed in setting broad objectives and giving them authority and giving them flexibility? And you've accepted responsibility, as you said before, the way a captain of a ship does in the Navy?

Mr. POINDEXTER. That's correct.

Mr. LEON. In fact, I believe you testified on the day you resigned, that was the analogy the President himself used?

Mr. POINDEXTER. Yes. He came up with that.

Mr. LEON. Now, with regard to your Navy background and training, in one particular aspect, you, of course, are familiar with the Uniform Code of Military Justice, are you not?

Mr. POINDEXTER. Yes.

Mr. LEON. When you were commander of a ship, there probably were court-martial actions considered against subordinates of yours; is that right?

Mr. POINDEXTER. Yes, that's correct.

Mr. LEON. So you had some familiarity with certain rules and regulations there?

Mr. POINDEXTER. I did.

Mr. LEON. And you studied the uniform code at Annapolis, I assume?

Mr. POINDEXTER. Yes. Nearly 30 years ago.

Mr. LEON. Since then you have probably had occasion to review it and look at it from time to time?

Mr. POINDEXTER. Yes, some, not a great deal.

Mr. LEON. That's the same code that your son studied in Annapolis and your other son is a Naval officer and familiar with it?

Mr. POINDEXTER. Yes. That's correct.

Mr. LEON. That code, as has been pointed out, provides that superior officers who give lawful orders must be obeyed, does it not?

Mr. POINDEXTER. Yes.

Mr. LEON. It also points out that there's a duty on the part of subordinate officers to question or disobey unlawful orders?

Mr. POINDEXTER. That's correct.

Mr. LEON. Would you say it also would stand for the proposition that superior officers have a responsibility to give lawful orders?

Mr. POINDEXTER. Yes. Absolutely.

Mr. LEON. Before giving an order, if they have any question as to its legality, they should check that out?

Mr. POINDEXTER. Yes.

Mr. LEON. You are an admiral. You have been giving and taking orders for many years. So I assume that this is something you are familiar with.

Let me ask you this question—a couple of questions. First of all, did you ever give Colonel North an order, at any time that he served under you, that you believed to be an unlawful order?

Mr. POINDEXTER. I did not.

Mr. LEON. Did you ever give Colonel North an order that he came back and challenged because he believed it might be unlawful?

Mr. POINDEXTER. No.

Mr. LEON. And under the military system that you are familiar with and are still a part of, what is it, under what circumstances as you understand it, are officers supposed to question the orders of their superiors if they have a doubt as to legality? What are they supposed to do? Are they supposed to go to the person who gives them the order?

Mr. POINDEXTER. Yes. I think so. Frankly, the issue has never come up in my experience. I have never knowingly issued an unlawful order and—but just based on common sense, if I were confronted with that fact, I would go back to my superior and tell him my problem.

Mr. LEON. Before——

Mr. POINDEXTER. See what he directed.

Mr. LEON. Before you sent Colonel North out to work on this residual transfer of funds, did you have any doubt in your mind that that was something that was lawful?

Mr. POINDEXTER. There was no doubt in my mind but what it was lawful.

Mr. LEON. Was it ever questioned?

Mr. POINDEXTER. Never questioned.

Mr. LEON. When you served, as you still do, under the President of the United States as Commander in Chief, did he ever ask you to give what you believed to be an unlawful order to anybody?

Mr. POINDEXTER. Never.

Mr. LEON. Do you have any reason to think he would ever suggest or tolerate such a thing?

Mr. POINDEXTER. None whatsoever.

Mr. LEON. Did you ever have an occasion to question the legality of any order that was given to you by him?

Mr. POINDEXTER. No occasion.

Mr. LEON. Now with respect to the decision you ultimately made here, admiral, you have testified you worked very closely with Colonel North over these years.

Mr. POINDEXTER. Yes, I did.

Mr. LEON. And you testified, I believe, that you admired him?

Mr. POINDEXTER. I did and still do.

Mr. LEON. And he testified, you might recall, that you were an admiral that he would follow up any hill. I imagine he is a lieutenant colonel you would want behind you if you were going up that hill?

Mr. POINDEXTER. Absolutely.

Mr. LEON. You worked on some difficult projects together, didn't you?

Mr. POINDEXTER. Yes, we did.

Mr. LEON. And there were difficult choices that had to be made. You sent him on a mission to Tehran, with your predecessor, where his life was put in danger, did you not?

Mr. POINDEXTER. Yes. We recognized that. I was asked at one point in the earlier depositions why I didn't consider an advance trip, which was being advocated by some of the members. I frankly thought that that was more dangerous and that if we had a more senior person there with the group that there was less risk to the whole group, and that is why—one of the reasons that I wouldn't agree to an advance trip.

Mr. LEON. You have also testified about PROF notes and the PROF notes system?

Mr. POINDEXTER. Yes.

Mr. LEON. I believe you testified they are very personal communications between you and the members of your staff?

Mr. POINDEXTER. They were. Essentially it was a method to improve the efficiency and better coordination, and thus get better results on the staff, rather than playing telephone tag all day long trying to talk.

Mr. LEON. And I believe you testified you believed they were gone forever from the system, at least yours were?

Mr. POINDEXTER. That is correct.

Mr. LEON. Admiral, you have seen a number of PROF notes. I would like to close in, focusing on one of them, if I may. I think sometimes these PROF notes do provide a helpful insight. I would like to question you with regard to it.

This is a PROF note on November 24, 1986. I do not have it as an exhibit, but I do have a copy here that I can provide counsel, if we could have someone hand it to counsel, to follow along.

I am focusing on the PROF note, on the bottom of that page, dated 11/24/86, from Colonel North to yourself. With respect to Iran. Are you familiar with this PROF note?

Mr. POINDEXTER. Yes. It has been a while since I read it.

Mr. LEON. Let me—there is no window into the mind of a person, but this might be a helpful insight of the situation at the time. Let me read it, if I may. It is very brief.

There is that old line about you can't fire me, I quit. But I do want to make it official so that you know I sincerely meant what I said to you over the course of these last several difficult weeks. I am prepared to depart at the time you and the President decide it to be in the best interests of the Presidency and the country. I am honored to have served the President, you and your predecessors these past 5½ years. I only regret that I could not have done so better. My prayer is that the President is not further damaged by what has transpired and that the hostages will not be harmed as a consequence of what we now do.

Finally, I remain convinced that what we tried to accomplish was worth the risk. We nearly succeeded. Hopefully, when the political fratricide is finished, there will be others in a moment of calm reflection who will agree. Warmest regards, Semper Fidelis, Oliver North.

Let me focus your attention on two aspects of that PROF notes. Do you remember receiving it, admiral?

Mr. POINDEXTER. Yes, I do.

Mr. LEON. This was the very day it was clear you were going to have to resign, and the colonel was going to be leaving as well, the NSC?

Mr. POINDEXTER. Yes, that is correct.

Mr. LEON. The diversion had been brought to the attention of the President of the United States by the Attorney General?

Mr. POINDEXTER. I knew the Attorney General knew. I assumed the President knew at that point, but I wasn't sure of that.

Mr. LEON. This was 5:44 in the evening on that day, was it not?

Mr. POINDEXTER. Right.

Mr. LEON. Now the first portion of it is, "I remain convinced that what we tried to accomplish was worth the risk." With respect to accomplishments, was it your impression that what Colonel North was referring to is the accomplishments of keeping the Contras alive and opening a second channel and getting the hostages out?

Mr. POINDEXTER. That was my understanding of what he was talking about.

Mr. LEON. And with regard to the risks that he was asking, or that were worth taking, was he talking about the risks of political fratricide that he refers to here? The risks to career? You had turned down, in order to stay at the White House, had you not, command of the Sixth Fleet?

Mr. POINDEXTER. Yes. At the beginning of the second term, I had a decision to make whether to resign my White House Commission at that point and return to the Navy or to offer to the President to stay on into the second term.

Mr. LEON. Is it safe to say in the Navy that command of the Sixth Fleet is a very, very important and cherished post?

Mr. POINDEXTER. It is a very cherished post, and I am not at all sure but that my wife wouldn't have preferred that we go to the Sixth Fleet.

Mr. LEON. Was he also talking here about risks to his life, Bud McFarlane's life?

Mr. POINDEXTER. I think he probably was.

Mr. LEON. And risks to the relationship to Congress perhaps? Were these risks that were taken?

Mr. POINDEXTER. Yes. This was—these were high-risk operations that we were involved with.

Mr. LEON. Let me ask you this, admiral. Having gone through what you have gone through now, many of these risks having materialized, do you think that the progress that was made toward these goals was worth the risks that were taken?

Mr. POINDEXTER. Yes, I think so, in the long term.

We did keep the Contras alive. We have them funded now. And I am convinced that Congress will see fit to continue to fund them. I think although these hearings are difficult and consume a lot of time, and I'm not really sure that I'm in favor of them, they do have one advantage, that is an opportunity for the American people to understand the issues better, and I think as a result, the prospect of freedom and democracy in Central America has improved.

Mr. LEON. With regard to the last portion of this, where he says "Hopefully when the political fratricide is finished, there will be others in a moment of calm reflection who will agree" that the risks were worth running, did you have that hope that he had at that time?

Mr. POINDEXTER. Well, it is hard to judge how history will evaluate this time period. I certainly hope that with—as time passes and people develop a perspective on what happened, what we were trying to do, that it will be a favorable judgment.

Mr. LEON. You share today Colonel North's hope at that time?

Mr. POINDEXTER. Yes, that is right.

Mr. LEON. No further questions, Mr. Chairman.

Chairman HAMILTON. Thank you, Counsel. We turn now to the principal questioners. They will be recognized for one hour.

The chair recognizes the distinguished chairman of the Senate Select Committee, Senator Inouye.

Chairman INOUYE. I am pleased to recognize the gentleman from Georgia, Senator Nunn.

Mr. NUNN. Thank you very much, Mr. Chairman.

Admiral, first let me say that I followed your career for a long time. I am grateful, as I am sure most members of the committee here are, and most Members of the Congress, for your long service to the country, particularly aware of your Naval career. I know you and your wife and your family, as all service people, have had considerable sacrifice for the duty you have performed nobly for the nation.

And I am also aware of how hard it is for a Naval officer to be offered the command of a fleet and turn it down and go to the White House. Being in the White House may sound like the great-

est job in the world for a lot of people. I have been down there enough to know that that is not the greatest job in the world, particularly for a Naval officer who has an opportunity to go to a command.

Mr. POINDEXTER. The glamour wears off very fast.

Mr. NUNN. I want to read a couple of statements about you, admiral, that have been given to me and see if you agree with them.

The first one is by Admiral Jim Holloway. Do you know Admiral Jim Holloway?

Mr. POINDEXTER. Yes, very well.

Mr. NUNN. You served, I believe, as his Executive Assistant for a period of time?

Mr. POINDEXTER. Yes. For 2 years, 1976 and 1978.

Mr. NUNN. Admiral Holloway has described you as "a brilliant and very effective aide, totally loyal and trustworthy and a thorough briefer who rarely interjected his own viewpoints."

Would you agree with that assessment?

Mr. POINDEXTER. I agree with that assessment.

Mr. NUNN. Admiral Holloway has also stated, quoting him again, "Captain Poindexter"—this was when you were a Captain—"Captain Poindexter has a spectacular mental capacity. He reads and understands every paper or report that comes into the office. Furthermore, he retains fully, recalls accurately, and evaluates with a keen sense of what is important and what isn't."

Would you agree with that assessment?

Mr. POINDEXTER. I think that is a little bit elaborate. You must have been reading from a citation or something, a fitness report?

Mr. NUNN. Fitness report.

Mr. POINDEXTER. Yes.

Mr. NUNN. Moving on, how long have you known Robert McFarlane?

Mr. POINDEXTER. I met Mr. McFarlane I believe in 1981 when he was counselor at the State Department working for Al Haig.

Mr. NUNN. You worked for him at the National Security Council, is that right?

Mr. POINDEXTER. I did when he came over with Bill Clark in January of 1982.

Mr. NUNN. How long were you with him before you took over as the National Security Adviser?

Mr. POINDEXTER. Well, it would have been January, 1982 to January, 1986, 4 years.

Mr. NUNN. Earlier this week, I asked Mr. McFarlane whether as National Security Adviser he would have reported the diversion of funds to the Contras to the President. In response he testified, "While I was serving, if a change of that magnitude had occurred, I would have reported it."

Does that testimony surprise you?

Mr. POINDEXTER. No. I think that Mr. McFarlane probably would have.

Mr. NUNN. How long have you known Oliver North?

Mr. POINDEXTER. As I recall, he came to the NSC staff in the summer of 1981, and that was the first time that I had met him.

Mr. NUNN. Colonel North has testified repeatedly to this committee that he always assumed that you reported the diversion plan to

the President and the President had approved it. Did that testimony surprise you, that he was operating under that assumption?

Mr. POINDEXTER. As I have testified, I did not tell Colonel North whether I was going to talk to the President or not. Frankly, I didn't think that it was important for him to know who else knew about it, because I didn't want him to talk to anybody but me about it in the government. And so I am not surprised about that. He would have probably made that assumption.

Mr. NUNN. Well, admiral, you say that you didn't want Colonel North talking to anyone but you about it. Would it not have been wise at that stage to tell him that you were not going to tell the President of the United States about the diversion?

Mr. POINDEXTER. No, I don't think so, Senator. My whole concept of a—of keeping a secret is to keep things highly compartmented, and I was his lawful superior. He understood very well the military chain of command, and he felt that the actions he was recommending were lawful or he wouldn't have recommended them.

Mr. NUNN. You didn't think Colonel North would tell anyone, including the President of the United States, without your permission?

Mr. POINDEXTER. That is correct.

Mr. NUNN. Now, did you hear the testimony where Colonel North told Bud McFarlane without your permission?

Mr. POINDEXTER. That is correct. And I, as I have testified I think in depositions, I was surprised at that.

Mr. NUNN. So you were surprised that he did tell Robert McFarlane about the diversion without your permission?

Mr. POINDEXTER. That is correct. I was surprised.

Mr. NUNN. Did you hear his testimony that he told Bill Casey without your permission?

Mr. POINDEXTER. I heard that testimony.

Mr. NUNN. Well, it seems to me then that you misjudged Colonel North, did you not, and his ability or willingness to keep this very close hold, compartmentalized in your words?

Mr. POINDEXTER. Well, I made a mistake in that assessment, obviously.

Mr. NUNN. Wasn't it a very serious mistake, admiral, not to have confided to Colonel North that the President was not going to be told back in February of 1986?

Mr. POINDEXTER. No, I don't think so. I don't see that he had a need to know.

Mr. NUNN. Even when he was with the President in most of the meetings and could very well have assumed the President—did assume the President knew and could have blurted out something that would have given the President the information that you were trying to protect him from?

Mr. POINDEXTER. No. Colonel North didn't speak out in these meetings unless he was asked to, and I would usually nod to him if I wanted——

Mr. NUNN. So you thought you had Colonel North under complete control as far as not telling anyone?

Mr. POINDEXTER. I felt that he understood what I wanted and that he would carry that out.

Mr. NUNN. Looking back on it, admiral, wouldn't it have been much more protective of the President giving him much better deniability if Colonel North had been in on the plan not to tell him?

Mr. POINDEXTER. I don't know. I never analyzed it quite the way that you are right now.

Mr. NUNN. Back to the——

Mr. POINDEXTER. If I could, Senator, make one other comment on something you read earlier. As you indicated, it was from a fitness report that Admiral Holloway wrote on me. It is important to note that the description he was giving there was a description of the way I functioned as an aide to him.

Mr. NUNN. Correct.

Mr. POINDEXTER. In a position of much less responsibility than I had as National Security Adviser.

Mr. NUNN. Correct.

The assessment though of Colonel North when he assumed that you had told the President and the assessment of Robert McFarlane when he just, having just held your job, assumed that you had told the President or at least said he would have told the President, that testimony is not based on prior experience, but rather direct experience in dealing with you in your capacity as National Security Adviser—Colonel North's experience and Robert McFarlane's experience was direct experience in their association with you?

[Counsel conferring with witness.]

Mr. POINDEXTER. My recollection of Mr. McFarlane's testimony was that he did not want to offer a judgment on second guessing what I did in the circumstances that were involved. He only indicated what he would do.

Mr. NUNN. I believe that is correct. I think that is correct. As far as his testimony, I recall in the Intelligence Committee he had much more explicit testimony, but I won't go into that here.

I don't have the page number, and I will accept your interpretation of that.

How is it that McFarlane and North so misjudged your own actions?

Mr. POINDEXTER. Well, first, I am not sure that Mr. McFarlane did or at least I haven't heard that.

With regard to Colonel North, I think that he was thinking more in military terms and not necessarily considering all of the political issues involved, which I felt that I was considering.

Mr. NUNN. Speaking of misjudgments, Mr. Leon went into a few minutes go with you about the recent White House statements since your testimony.

As you recall, in this morning's paper, without trying to get real specific on it, the White House disputed—I believe the paper—let me read you the quote, it would be better here.

The White House yesterday disputed Poindexter's earlier contention that Reagan would have approved the diversion of funds to the Contras if he had been asked to do so. Spokesman Marlin Fitzwater said the diversion wouldn't have happened had Reagan been advised. Fitzwater also said that officials who failed to seek Reagan's approval for important decisions as Poindexter testified he had in the case of the diversion had done the President a disservice.

You read that?

Mr. POINDEXTER. I think I had it read to me this morning.

Mr. NUNN. Then you said in answer to the previous question, "I would have expected him to say that"—this is a quote according to my notes—quoting you, "I would have expected him to say that. That is the whole idea of deniability."

Is that correct?

Mr. POINDEXTER. That is correct.

Mr. NUNN. Admiral, you testified on July 15th, a morning session, page 98, quoting you, "I believe that the President would have approved the decision at the time if I had asked him."

Is that correct?

Mr. POINDEXTER. I don't have the testimony here in front of me, but I will take your word for it.

Mr. BECKLER. Can we get a copy of that testimony?

Mr. NUNN. Certainly, page 98, July 15, 1987, morning session.

Maybe I can cut this short, admiral.

Mr. BECKLER. I don't have July 15th here.

Mr. NUNN. Morning session.

"I believe that the President would have approved the decision at the time if I had asked him."

Mr. BECKLER. I am sorry, Senator.

Mr. NUNN. Page 98. I have a quote out here. I could make this a lot easier.

Let me just ask you again, admiral, after reading the denials by the White House issued since your testimony, do you still believe the President would have approved that decision if you had asked him?

Mr. POINDEXTER. I do.

Mr. NUNN. You have not changed your mind?

Mr. POINDEXTER. I have not changed my mind.

Mr. NUNN. Again, you said July 15, 1987, page 95, reading the words if you can find them, "I made the decision. I felt I had the authority to do it. I thought it was a good idea. I was convinced that the President would in the end think it was a good idea."

Do you see that?

Mr. POINDEXTER. Yes, I see it.

Mr. NUNN. Is that still your testimony?

Mr. POINDEXTER. It is.

Mr. NUNN. So that the denials from the White House have had no effect on your testimony?

Mr. POINDEXTER. No, they have not.

Mr. NUNN. That means, admiral, you must believe the White House is now misleading the American people?

Mr. POINDEXTER. No, I don't think so.

Mr. NUNN. How can it not be?

Mr. POINDEXTER. Well, number one, what you have are reports of what Marlin Fitzwater said. I don't know exactly——

Mr. NUNN. You don't believe he is speaking for the President?

Mr. POINDEXTER. Well, I would—I would want to have a personal conversation with the President, which I have not had, and which would not be appropriate at this time.

Mr. NUNN. If Marlin Fitzwater really was speaking for the President, would you agree that those statements are in your opinion misleading the American people?

[Counsel conferring with witness.]

Mr. POINDEXTER. Senator, as I have testified before, and you have gone over some of the instances just now, I felt that the President would approve that if I had asked him.

I still feel that way. I am giving you my thought process at the time, my thought process now.

At this point, I can't speak for the White House. I don't know what they have got in mind over there, and I really can't comment on that.

Mr. NUNN. Well, I would just observe, admiral, you can refute this if you like, a White House statement directly contradicts your testimony and you are standing by your testimony, so your testimony directly contradicts the White House statements.

Mr. POINDEXTER. That is correct. It appears to be obvious. People can draw their own conclusions, I guess.

Mr. NUNN. Yes.

Turning to another area, admiral, do you recall—you heard the testimony here and I don't want to belabor the point, but I will go back through it briefly here.

Did Colonel North tell you about his meeting with Ghorbanifar in the bathroom that he related to this committee?

Mr. POINDEXTER. I don't recall that. I don't believe that I was aware that the idea had initiated with Ghorbanifar.

Mr. NUNN. Well, he said that Nir, I believe Nir had mentioned the possibility of generating funds, but Ghorbanifar went further and said specifically the Contra money could be raised from the arms sales.

That is paraphrasing, but I think that is close.

Mr. POINDEXTER. Yes——

Mr. NUNN. You don't remember him telling you that?

Mr. POINDEXTER. I don't remember anything about Ghorbanifar. I do believe that in the discussion in February of 1986, Mr. Nir's name came up. But I don't recall anything about Ghorbanifar.

Mr. NUNN. Do you remember anything about Ghorbanifar and North in the bathroom being told to you? Either orally or from personal observation? You don't know anything about it?

Mr. POINDEXTER. I don't know anything about Mr. Ghorbanifar in the bathroom.

Mr. NUNN. Do you know anything about the one million dollar offer that Colonel North related from Ghorbanifar? The one million dollar offer to him, he called it a bribe?

Mr. POINDEXTER. I don't recall that.

Mr. NUNN. Would you expect that to be related to you as his superior or sort of routine as Colonel North portrayed it?

Mr. POINDEXTER. Not necessarily. I would not have had the slightest doubt in my mind that what Colonel North's reaction to that would be, and in the whole scheme of things I don't think he or I would have considered that as a very important issue.

Mr. NUNN. Colonel North testified that in January of 1986, he had, quoting him, "grave reservations" about the wisdom of the Iranian initiative.

Did Colonel North express those reservations to you?

Mr. POINDEXTER. I think I was aware that Colonel North had a little more difficulty than I did in drawing the fine line that the President was drawing. You see, as I have testified before, even if you forgot about all of the other aspects of the Iranian project, and only addressed the hostage portion of it, which was not, as I have testified before, not the totality of the President's thinking on the subject, but if you isolated everything else and just considered that separately, even then the President did not consider that it was arms for hostages, because we were talking about selling arms to the Iranians to put pressure on the Hizballah, who were the captors of the hostages, to release them.

Mr. NUNN. Admiral, I am puzzled on that point because you keep saying that, but you keep also describing the hostages as being an obstacle to establishing the new strategic relationship with the Iranians, is that right?

Mr. POINDEXTER. That is right, because we thought that that was a very good test as to whether the Iranians were really serious.

Mr. NUNN. But if they are not the ones holding the hostages, how can the removal of the hostages be a necessary condition precedent to establishing a relationship with Iran?

Mr. POINDEXTER. They can put pressure, we thought, on the Hizballah.

Mr. NUNN. So you thought they had some connection with the terrorists then?

Mr. POINDEXTER. We thought they had some connection with the Shia fundamentalist groups in Lebanon in terms of providing financing and assistance.

Mr. NUNN. Doesn't that disassemble the statements that have been made that you weren't giving arms to terrorists? I don't see how you can have it both ways, admiral.

I know there are fine lines here, but it seems to me that one is cut a little too fine.

Mr. POINDEXTER. The problem that we saw was that there were many different factions in Iran. Some felt that hostage taking was appropriate, others felt that it wasn't. Some were opposed to continuing terrorism, some felt that the use of terrorism had not served Iran well and wanted to make a change for the better.

Mr. NUNN. Let me go back to another line which we had already started here.

Basically, Colonel North didn't relate to you—he did relate to you his reservations, but let me frame the question this way.

Did he relate to you this new incentive that was related to him by Ghorbanifar in the bathroom; that is, the idea of getting additional funds from the sales of arms to Iran to use in the Contra operation?

Mr. POINDEXTER. I don't recall that the conversation went in that direction. My recollection of it is that this was an additional benefit that we would get out of the Iranian project that I certainly had not anticipated.

Mr. NUNN. Well, he testified, and let me just make this clear so the record will be clear, Colonel North testified that Ghorbanifar took him into the bathroom and

suggested several incentives to make that February transaction work and the attractive incentive for me was the one he made that residuals could flow to support the Nicaraguan Resistance.

He expressed before that that he had grave reservations until that event occurred.

And what you're saying, as I understand it is, he didn't convey this sense of shifting of priorities to you?

Mr. POINDEXTER. I don't recall that he did.

Mr. NUNN. Because he testified, as I understand his testimony, that really he was pessimistic about achieving the original Findings which were set forth in that January 17th Finding—scratch the word Finding—achieving the original goals, and he then shifted in his own mind as the principal operations officer to a more attractive goal, and that is raising funds for the Contras?

Mr. POINDEXTER. I do not recall now that I drew that kind of conclusion that he had made at that time.

Mr. NUNN. If you had, and I realize this is hypothetical, if you had drawn that conclusion, would you have then had a different view about your obligation to report to the President that the chief operating officer had shifted goals that he thought were achievable?

[Counsel conferring with witness.]

Mr. POINDEXTER. I—as I said, I don't recall Colonel North making that so obvious at the time, that he felt that way about it. But that was very early in the Iranian project. The President had made very clear to me, I felt, that he wanted to continue with the project, even after the negative report from Mr. McFarlane about the character of Ghorbanifar.

So we had—the President had and I and others had no misconceptions about the channel that we started on, but I think that we both, the President and I, saw Ghorbanifar as an opportunity to start talking with some Iranians.

One of the early objectives was to get a meeting in Tehran so that we could identify some other channels.

Mr. NUNN. Admiral, I don't want to cut you off, but I need to pursue some other lines. I just asked you if you had gotten the same interpretation that Colonel North gave this committee. That is that the old goals he wasn't very optimistic about, but the new goals, the new possibility of raising funds for the Contras was a major factor—if you had had that presented that way from him, would that have changed your view about the necessity of reporting to the President?

Mr. POINDEXTER. I don't know. You know, it is a hypothetical question.

Mr. NUNN. Fine, thank you.

Admiral, you have testified and if I am not fair in summarizing this, please correct me, you were determined to protect the President from political embarrassment by not telling him—this is about the diversion—and by preventing a leak of the plan.

You treated this as a highly compartmentalized issue. You took great pains not to tell anyone, including the President and Director Casey, and you told North not to put anything in writing on this; is that a fair summarization?

Mr. POINDEXTER. Yes. The putting nothing in writing, I think, probably was a more general statement to him. But it certainly included the Iranian project.

Mr. NUNN. If you saw these five memos come across your desk, the diversion memos, under that set of rigid protective instructions, don't you believe you would have remembered them?

Mr. POINDEXTER. Well, I don't know. It appears that it is possible that I saw one memo, the one that you have as an exhibit. I do not recall seeing any of the others, and I don't have any indications that the others came to me. I guess it is conceivable they could have been prepared, but I do not recall seeing them and I don't believe I did.

So I don't—the kind of question didn't come up in my mind anyway.

Mr. NUNN. I believe that you testified that in November 1986 you had forgotten about the Finding on the Iranian initiative the President signed in December of 1985.

Specifically, your testimony on that is, reading from the July 15, 1987 morning session, pages 45–46, and I am going to read it, counsel, here,

> But anyway, after this Finding was signed, it was retained in my immediate office and at some point after it was assigned, I had apparently given it to Commander Thompson, my military assistant, to put in an envelope in his safe to keep. I had, as I said, completely forgotten about it.

I am not asking you whether that is an accurate reading of the transcript, but is that an accurate recollection——

Mr. POINDEXTER. That is an accurate recollection.

Mr. NUNN. Did the President ever remind you or bring this Finding to your attention?

Mr. POINDEXTER. No, I am certain that he had forgotten about it.

Mr. NUNN. And this is the same Finding that you later destroyed; is that right?

Mr. POINDEXTER. That is correct.

Mr. NUNN. Is it fair to say that Findings are rather important documents, admiral?

Mr. POINDEXTER. Yes, they address important issues.

Mr. NUNN. Is it fair to say that this Finding described only the arms-for-hostages part of the Iranian initiative and you felt it was, therefore, not completely accurate?

Mr. POINDEXTER. That is correct. It did not give a fair picture of the—it wasn't a fair picture of the entire situation.

Mr. NUNN. And I believe that is the reason you destroyed it, one of the principal reasons?

Mr. POINDEXTER. That is correct.

Mr. NUNN. You also testified, admiral, that the President "reads everything you give him." Is that correct?

Mr. POINDEXTER. Yes, maybe a bit of exaggeration, but he does read most everything you give him.

Mr. NUNN. And, therefore, you believe the President did read that December 5th Finding before he signed it. You testified to that already?

Mr. POINDEXTER. I don't have any doubt but what he read it. He doesn't sign something without reading it.

Mr. NUNN. Despite the fact that according to your testimony the President signed the Finding, he read the Finding—on November 13, 1986, he said to the American people, "The charge has been made that the United States has shipped weapons to Iran as ransom payment for the releases of American hostages in Lebanon. Those charges are utterly false. We did not trade weapons or anything else for the hostages."

Admiral, my question to you is, to have made this statement truthfully, the President would have had to have forgotten that Finding, would he not?

Mr. POINDEXTER. No, I don't think so. As I explained to you, the President's thinking on the subject, with which I agreed—he did not consider that as arms for hostages.

Mr. NUNN. So you believe that November 13th statement was accurate?

Mr. POINDEXTER. Yes, I do.

Mr. NUNN. Even looking back on it?

Mr. POINDEXTER. Yes, I do.

Mr. NUNN. The charges are utterly false—do you think that is a correct impression for the American people?

Mr. POINDEXTER. The impression that was in the press was that the only thing we were doing was swapping arms for hostages. That was not what we were doing.

Mr. NUNN. Without getting bogged down in that again, let me just ask this question: Do you believe that the President had a keen memory of that particular Finding that said nothing but arms for hostages when he delievered that statement on November 13th?

Mr. POINDEXTER. I am sure he didn't, because although he agreed obviously at that point, looking back on it, with the CIA assistance on that particular project, that did not represent a total picture of what he was willing to do and to approve, and so he wouldn't think about it in those terms.

Mr. NUNN. So that was really before—this is November 13th speech was before Commander Thompson had brought this Finding in, before your memory had been restored on that subject——

Mr. POINDEXTER. That is true.

Mr. NUNN. And, therefore, you had not seen that memo at that stage, since, of course, the original signing of it?

Mr. POINDEXTER. That is correct.

Mr. NUNN. So the President at that stage would have probably not had that memorandum in mind?

Mr. POINDEXTER. I am certain he didn't.

Mr. NUNN. And he would probably have forgotten himself——

Mr. POINDEXTER. In fact, the only one I think that he would recall would be the final one on 17 January, because there was much more discussion about that. As I said, one of the—one of the regrets that I have is that the 5 December Finding was not well staffed, it was probably not thoroughly discussed.

In fact, I don't recall the conversation with the President about it, so I don't have any reason to believe that he would have any lasting memory of that any more than I did.

Mr. NUNN. I believe a while ago you testified that you were pretty certain he had forgotten about that particular Finding.

Mr. POINDEXTER. Yes.

Mr. NUNN. Well, admiral, if the President had forgotten a Finding which by your own statement was rather important, and he had read it before he signed it——

Mr. POINDEXTER. I don't think I said—well, maybe I did say it was important.

Mr. NUNN. I asked you if Findings were important.

Mr. POINDEXTER. Findings were important. I don't think that one was important.

Mr. NUNN. That is the reason you tore it up?

Mr. BECKLER. Objection, Mr. Chairman. There is a reasonable distinction being made there. There has been ample testimony by Admiral Poindexter to the effect that this Finding was one of a series and it was a general question asked, Findings are important.

Chairman HAMILTON. If there is a distinction to be made, it should be made by the witness, not by counsel. You may proceed, sir.

Mr. NUNN. So you think Findings are important, but you don't think this one was important?

Mr. POINDEXTER. As I have testified, I think, Senator, it was a preliminary version of what finally culminated in the 17 January Finding.

Mr. NUNN. But it governed the covert activities of the United States in that respect, from that date, December 5 until the subsequent Finding in January for a 30-day period it did have that applicability?

Mr. POINDEXTER. That is right, but other than discussions, nothing transpired during that time period.

Mr. NUNN. And it also was retroactive?

Mr. POINDEXTER. That is right, but I have also testified that I was never comfortable with that concept of retroactivity. The key question is, did the President approve it before.

Mr. NUNN. Well, if it wasn't important, why destroy it?

Mr. POINDEXTER. Because it could be misinterpreted, Senator, as it has been misinterpreted.

Mr. NUNN. Let's get back to the line of questioning. You believe that when the President made his statement on November 13 to the American people that he had indeed forgotten about that Finding, whether it was important or not important?

Mr. POINDEXTER. I am almost certain that he did. I had certainly forgotten it. But even if we had known of its existence or recalled its existence at that time, that would not have changed that statement.

Mr. NUNN. If you had forgotten the Finding at that stage and the President of the United States had forgotten the Finding at the stage, is it not also possible, Admiral Poindexter, that both of you had forgotten those five memos relating to diversion of funds for the Contras?

Mr. POINDEXTER. I suppose that is possible, but—he certainly would have no reason to forget because he never saw anything, Senator. I deliberately did not send or talk to the President on anything related to the diversion.

Mr. NUNN. How do you know he didn't see those memos, since you don't remember seeing them yourself?

Mr. POINDEXTER. Because nothing went up to the President in my area unless it came through me.

Mr. NUNN. He couldn't have gotten them otherwise?

Mr. POINDEXTER. I don't think so.

Mr. NUNN. So it is possible that you could have forgotten those five memos?

[Counsel conferring with witness.]

Mr. POINDEXTER. Senator, would you repeat the last question, please?

Mr. NUNN. It is possible that you forgot those five memos?

Mr. POINDEXTER. What I have testified to is that I don't recall seeing them, and that is the fact.

Mr. NUNN. Is it possible that those memos were delivered to the President by someome other than yourself?

Mr. POINDEXTER. I doubt that seriously. There was a very hard and fast rule that anything of substance, and this clearly would have been of substance, was not to go to the President unless I saw it.

Mr. NUNN. What about from Bill Casey—is it possible since he was dealing with North and you didn't know about him dealing with North that he may have seen these memos and delivered them to the President?

Mr. POINDEXTER. Senator, I have no indication from what I have heard in testimony that Bill Casey saw any of those memos.

Mr. NUNN. Admiral, turning to another subject here briefly, on March 8, 1987, a *Washington Post* article, and we note for the record you don't consider that a good source.

Mr. POINDEXTER. That is correct.

Mr. NUNN. You will permit me to read from it this morning, will you not? It says, "A well-placed legal source said that in the first weeks after his departure from the White House on November 25th, Poindexter and his attorneys planned to construct a legal defense around his contention that on two occasions in 1986 he told Reagan that the arms sales to Iran were generating money for the Contras. According to this source, Poindexter did not tell Reagan there was an illegal diversion of money, but rather that funds for the Contras contributed by the Iranians or Israelis were an ancillary benefit of the arms sale."

Quoting from *Time magazine*, April 6, 1987, "Poindexter believes that he was following Ronald Reagan's policies and that he kept the President adequately informed. Indeed, he is likely to testify that on at least two occasions in 1986 he told Reagan in general terms that the Contras were being helped as an ancillary or side benefit of the arms sale or the arms deal with Iran."

Admiral, reading from your deposition, and I do think your attorney ought to have a chance to take a look at this, May 2, 1987, pages 162 and 163, there is something here that I just want to clarify because it is something that troubles me.

Mr. POINDEXTER. I have that.

Mr. NUNN. Do you have that? It is pages 162 and 163. Again, I have it typed on a separate sheet of paper.

I will have to give you time to find it. The question I will refer to here, and I will read it to you, it is a question by Liman, question,

"Admiral, did you ever tell the President of the United States that Iran was giving any money to the Contras?"

Do you see that?

Mr. POINDEXTER. I do.

Mr. NUNN. Your answer,

"I have no recollection of that."

Question, Mr. Liman, "Did you ever tell any third person that you had told that to the President?

Answer, "No. I have read the press reports. I have not knowingly told anybody since I left the White House, except my attorneys and my wife."

Now, admiral, reading the question again, "Did you ever tell any third person that you told that to the President?"

Reading the answer again, "No. I have read the press reports. I have not knowingly told anybody since I left the White House, except my attorneys and my wife."

One could conclude from that or get the impression from that that you had, in fact, told your wife and your attorney that you had told the President that the money from Iran was going to the Contras as those news reports suggest.

I would like for you to clarify that, if I am under a misimpression because it is ambiguous.

Mr. POINDEXTER. It is, I agree, Senator, ambiguous. What I meant was that I had not told anybody exactly what had happened except the people identified in that sentence. I do not know the source of the press stories that you referred to.

Mr. NUNN. And so——

Mr. POINDEXTER. They have no substance in fact.

Mr. NUNN. If I asked you today do either of those stories have any substance?

Mr. POINDEXTER. None.

Mr. NUNN. They are wrong?

Mr. POINDEXTER. They are wrong.

Mr. NUNN. You never told anyone including your attorney and your wife that you had told the President of the United States that funds were being diverted for the Contras?

Mr. BECKLER. Mr. Senator, if you can ask that question in a way that—we can avoid the question of what conversations we had with each other as attorney/client. That is the only problem we have here.

He has answered this before Mr. Liman.

Mr. NUNN. What I am asking you, counsel, is whether Admiral Poindexter told any other person that he had related to the President of the United States that funds from the Iranian arms sale were being diverted to the Contras?

Mr. POINDEXTER. I have told no person that I ever told the President about the diversion. I don't know the source of those stories. They are not true, and what I have testified to here today is indeed true. I did not tell the President and I didn't tell anybody that I told the President. Is that clear?

Mr. NUNN. Including your attorney and your wife? Does that answer include your attorneys and your wife?

Mr. POINDEXTER. I said everybody.

Mr. NUNN. So it includes everybody?

Mr. POINDEXTER. Everybody.

Mr. NUNN. Thank you, admiral.

Admiral, this is one other question on the transcript here. This is from your recent testimony, July 15, afternoon session, page 24. Do we have a copy of this?

I will ask counsel——

Mr. BECKLER. I have it. Page 24.

Mr. NUNN. Yes, sir, July 15, afternoon session, page 24.

I refer you down, counsel, to——

Mr. BECKLER. I am sorry. I have the morning session here.

Chairman HAMILTON. Senator Nunn, excuse me for interrupting you. I am getting a number of questions up here. I just want to clarify that we will permit Senator Nunn to finish and then we will return at 2:30 for the afternoon.

Mr. NUNN. Mr. Chairman, I will accommodate hungry members, hungry witnesses and hungry lawyers by letting this be my last question and just reserve the balance of my time.

Chairman HAMILTON. The Chair did not mean to press you, Senator Nunn. If you want to, go ahead.

Mr. BECKLER. Senator, I still don't have the afternoon session up here. I have the morning session.

Mr. NUNN. May I read it to you and then I will send it down to you. Then I will pose the question.

It is, counsel, page 24, and it is about the fourth, fifth paragraph down where is says, "Mr. Liman". The question is—Mr. Liman asked this question. "Did you see, as one of the benefits of the Iranian arms sale, that money would be generated for the Contras?"

Do you see that, counsel?

Mr. BECKLER. Yes, sir.

Mr. NUNN. Answer, Admiral Poindexter, "No. That did not play a single part in my mind or the President's mind in deciding to go ahead with the Iranian project."

Now, admiral, I know that can be read two ways. But one way is, of course, that the President knew about this, but it wasn't part of his deliberative process. There were other reasons for going ahead with the sale. Would you want to comment on that reading, possible reading of that answer?

Mr. POINDEXTER. The way that should be read is—the way I intended it was that it didn't enter the President's mind because he never knew anything about it.

Mr. NUNN. That seems to me an entirely gratuitous statement, if he didn't know anything about it. You so clearly established the President didn't know anything about it. Why do you throw that out?

Mr. POINDEXTER. Well——

Mr. BECKLER. Mr. Chairman—let's let the witness answer. I will withdraw the objection.

Chairman HAMILTON. Thank you very much, counsel. That is the point I have been trying to make, counsel.

Mr. POINDEXTER. I guess it was sloppiness on my part. I should have been more precise. The possibility of transferring residuals from the Iranian project to the Contras did not come to my attention until after the January 17, Finding was signed.

Therefore, it didn't play any role in any recommendations I made to the President. And I guess, you know, with hindsight, I

should have left the President completely out of that answer, because it is possible to draw another conclusion.

I made a mistake.

Mr. NUNN. It does lead one to believe that perhaps in a moment of——

Mr. POINDEXTER. Weakness?

Mr. NUNN. —weakness, you just basically——

Mr. POINDEXTER. No, no. It was sloppiness. When you sit here and have to listen to all these questions very carefully and make very precise answers, it is difficult.

Mr. NUNN. Thank you, admiral, very much.

I would reserve the balance of my time, but I would serve notice to Senator Rudman that I would go ahead and defer to him after lunch and perhaps come back at some later point. I would reserve whatever time I have left, the balance of my time.

Chairman HAMILTON. Senator Nunn, you have about 17 minutes to reserve.

We will begin when we return with questioning by Senator Rudman.

Counsel?

Mr. BECKLER. Mr. Chairman, could you shed any light yet on how many more days?

Chairman HAMILTON. Counsel, it is my best estimate that we would conclude some time on Tuesday.

The joint hearings stand in recess.

[Whereupon, at 12:35 p.m. the Select Committees recessed, to reconvene at 2:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:30 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. Mr. Chairman, let me make an announcement.

The joint hearings will come to order.

I have been informed that some of our television cameramen are focusing on classified documents when they are being used in questioning.

I would respectfully like to request that that not be done for obvious reasons.

This afternoon we will take—we will go straight through with the first two principal questioners, Mr. Rudman, and Mr. Hyde, and at that point, we will recess until Monday morning at 9:00 o'clock at which time we will begin with Mr. Foley, the Majority Leader.

Chairman INOUYE. The Chair is pleased to recognized the gentleman from New Hampshire, Senator Rudman.

Mr. RUDMAN. Thank you, Mr. Chairman.

Admiral Poindexter, counsel, let me start my questioning by simply joining my friend from Georgia, the chairman of the Armed Services Committee, Senator Nunn, in saying that I have always had high regard for you, admiral.

I have had the opportunity to work with you on many occasions, and none of us find this process pleasant. We believe it is necessary.

To your counsel, I would say that I hope you had a good lunch, Mr. Beckler. I think you can sit back in your chair and relax a bit because I don't intend to try to use any prior statements or depositions or anything like that to impeach the admiral's testimony.

Mr. BECKLER. I appreciate that.

Mr. RUDMAN. I intend to have a series of questions on things that I truly don't understand about his testimony and to try to get a better understanding of that process.

I don't think I will use the hour, Mr. Chairman. I will probably reserve the time.

I want to start out just by, I think, cleaning up a few matters that remain from Colonel North's testimony.

It is my understanding—I am going to try to fairly summarize your testimony before us. If I don't, please immediately say so.

I think these matters we can pretty much agree on. I believe it is your testimony that Colonel North did come to you with notification of a threat of some kind. We are aware of what that was.

You turned it over to one of your staff, did not follow it up. After that, you expressed your regret for that and said if you could do it over, you would; is that a fair characterization?

Mr. POINDEXTER. That is a fair characterization.

Mr. RUDMAN. When Colonel North was before us, he was somewhat agitated about that and made a statement to the committee that he thought the law ought to be changed.

I just, for the record, Mr. Chairman, am not going to read it. I want to put in the record a letter from the Secretary of the Navy, Mr. Webb, dated 9 July, at my request and the chairman's request, a letter addressed to us from the Commandant of the Marine Corps by his legal counsel setting forth that—as I am sure the admiral recognizes, as we stated earlier in these hearings—that any U.S. Government employee, military or otherwise, who has a legitimate threat against himself or his family, has available to him adequate resources for protection, and the colonel had reason to think that he didn't, but I just want to put that in the record.

Counsel, your counsel, will have copies of these, of course. I would ask consent these be placed in the record.

Chairman HAMILTON. Without objection, so ordered.

[The documents appear in appendix B.]

Mr. RUDMAN. The second question on Colonel North, Colonel North testified that he handled fairly large sums of money, some traveler's checks, some cash. He thought it was in the vicinity of $90 or $100 thousand dollars. I don't recollect his exact testimony. I believe it was $150 or $175 thousand. It certainly was a great deal more.

He said there were times when it ran out and he had to use his own funds to pay for some of his expenses in relation to that.

Question number one: Were you aware from the beginning as his superior, when you became his superior, that he was put in the position of spending his own funds to defray some of his expenses?

Mr. POINDEXTER. I have a recollection of at various times where there was last-minute arrangements, last-minute arrangements

were being made after the White House Administrative Office would be closed or however the tickets were prepared and so forth, that I can recall his saying that he would go ahead and pay with his credit card and be reimbursed later.

Mr. RUDMAN. This, of course, was not reimbursement by the U.S. Government. This was reimbursement from these funds. You were aware of that?

Mr. POINDEXTER. I believe I was. You know, it is a detail that I wouldn't have been heavily involved with.

Mr. RUDMAN. You were aware of the fact there was a ledger being kept of all these funds?

Mr. POINDEXTER. I don't believe I was aware of that.

Mr. RUDMAN. Were you aware of the fact that Director Casey told him the ledger ought to be destroyed?

Mr. POINDEXTER. I was unaware of that.

Mr. RUDMAN. And I understand your testimony that when you learned of these funds, you asked Colonel North to return them to whoever—whatever the source? We know the source of some was Mr. Calero, and he advised you that he did return them at that point?

Mr. POINDEXTER. Yes, that is correct.

Mr. RUDMAN. I have a policy question for you on Colonel North. The Findings related to the CIA in terms of this operation, yet Colonel North ended up in operational control of the Iran initiative, certainly. If you disagree with that characterization, feel free to state it in your answer. I would say from all of the documents we have, he ended up in operational control of the Iran initiative on your behalf, not anyone at the CIA. I am not talking about the diversion now. I am talking about the Finding authorized under law, the Finding, whether it was timely, retroactive, whatever. There was at least some attempt to comply. I don't agree with the attempt, but there certainly is documentation.

Why was an operative of the NSC put in operational control of this when the Finding specifically said CIA?

Mr. POINDEXTER. I don't recall a detailed conversation with Bill Casey in coming to that decision. I would rather describe it as the situation evolved that way. As I think I testified this morning, Bill Casey held Colonel North in very high regard, as did I, and after the 17 January Finding was signed, Bill agreed that Colonel North ought to continue with the—in the role that he had started in November. Bill assigned some of his other people to the situation and eventually brought back an Iranian expert—I guess he has been identified in these hearings.

Mr. RUDMAN. Yes.

Mr. POINDEXTER. George Cave. And George and Ollie and one other CIA employee, who I don't think has been identified, were heavily involved; but I would agree with you, that Colonel North took probably the most active role, and since he was representing me, I am sure that the other members who worked for Bill Casey deferred to him often in carrying out the operations.

Mr. RUDMAN. Since Colonel North was more than just involved in it, but in fact was directing all these people, would it not have been appropriate, admiral, to have that Finding include specified NSC personnel, for the record?

Mr. POINDEXTER. The thought never crossed my mind.

Mr. RUDMAN. All right. You said in your testimony that you had given the task to Commander Thompson to assemble some documents, that you had a request from the Attorney General to assemble documents. You tasked him, to use your words, to do that. You said you called Colonel North, and I am quoting you now, because he was "very protective of his documents." And you wanted him to know—Colonel North—that Thompson had been properly tasked to assemble those documents.

Mr. POINDEXTER. Yes.

Mr. RUDMAN. Do you believe that it is possible or probable that Colonel North might have misconstrued what you were saying to him and that you were really telling him that some documents ought to be destroyed?

Mr. POINDEXTER. That thought didn't cross my mind either. To be very frank, there had been some friction between Commander Thompson and Colonel North over the years on the staff, and I wanted to be sure that Colonel North understood that I had asked Commander Thompson to do this.

Mr. RUDMAN. So you believed that the message was clear?

Mr. POINDEXTER. I think so.

Mr. RUDMAN. Do you believe it was proper?

Mr. POINDEXTER. Excuse me.

Mr. RUDMAN. Do you believe that it was proper for the destruction of all these documents to be accomplished, Admiral Poindexter?

Mr. POINDEXTER. Senator, I don't have any problem with it. I know there is concern here that I have heard expressed, but these are working documents in the staff offices.

Mr. RUDMAN. Well, to the extent, admiral, that people wanted written documentary proof of the veracity of your testimony on, let's say, the notification of the President, it certainly would have been helpful if we had some documentation. I am not talking about classified things that would protect sources. I am talking about historical documents. Don't you think that is right?

Mr. POINDEXTER. I understand that much of the recordkeeping that goes on in Washington is for such purpose.

Mr. RUDMAN. I want to turn to another subject. I want to talk about the diversion itself. I would just ask you a few questions about that to see if we have a correct understanding of these.

I believe what I am going to state to you is our impression of this committee from all the witnesses. I want to see if you agree with this.

I have read your deposition. I would just ask you these questions.

Do you think it is correct to state that, to your knowledge, each transaction that involved the sale of arms to Iran in 1986, was specifically approved by an official of the U.S. Government and was an extension of official U.S. Government policy?

Mr. POINDEXTER. Clearly the Finding expressed U.S. Government policy.

Mr. RUDMAN. All right.

Mr. POINDEXTER. And, indeed, the President did specifically approve each of those transactions.

The Finding also gave deliberately the Director of Central Intelligence the flexibility to use private parties in carrying out the plan.

Mr. RUDMAN. I think that answers my question. I have some follow-ups.

Is it correct, within your knowledge, that the ultimate purchaser of the weapons—Iran—was designated by the U.S. Government to receive those weapons and that the intermediaries who handled it for you—General Secord, et al.—had no discretion at all as to whom they would sell the weapons to?

Mr. POINDEXTER. That probably requires a legal analysis to answer. I'm not sure——

Mr. RUDMAN. I am not asking for a legal opinion. I just want to know is that your view, that General Secord could not have sold them to Korea or West Germany or Libya, that he had to sell them to Iran, that is what he was tasked to do?

That is my question, not whether he had a legal obligation to do it.

Mr. POINDEXTER. I certainly would have expected General Secord to sell the weapons to Iran. The exact legal issues involved, in terms of the titles to the equipment and what he might legally have been entitled to, I don't know the answer to that.

Mr. RUDMAN. I understand your lawyer's concern. I want to make it very clear that I do not want to ask you legal opinions. We will get to that in a while.

Mr. POINDEXTER. That was my concern.

Mr. RUDMAN. So that if General Secord really in his heart of hearts wanted to sell them to Country Six—I think I know Country Six—he shouldn't have done that? You would have been rather shocked if those weapons ended up someplace else? They were supposed to go to Iran?

Mr. BECKLER. Do we know Country Six?

Mr. POINDEXTER. Does it make any difference?

Mr. RUDMAN. Not really. I just thought we used code quite a lot in these hearings, we should not let a day go by without using them today.

Is it correct that in each instance, to your knowledge, U.S. Government officials were aware of the approximate selling price of the weapons to Iran?

Mr. POINDEXTER. By "selling price," Senator, you mean the amount the Iranians were paying?

Mr. RUDMAN. Yes.

Mr. POINDEXTER. And whether a U.S. official would have been aware?

Mr. RUDMAN. Yes. Colonel North?

Mr. POINDEXTER. Yes, I am sure Colonel North would have been.

Mr. RUDMAN. That is his testimony.

Mr. POINDEXTER. Right. I was not necessarily aware.

Mr. RUDMAN. I wasn't asking that. I said, "to your knowledge." I am trying to be careful about that. I have observed your counsel's sensitivity. I am trying to be mindful of that.

Is it correct, sir, that, to your knowledge, that all non-financial conditions of the arms sales were approved by U.S. officials in advance of each transaction?

Mr. POINDEXTER. Yes, that's correct.

Mr. RUDMAN. So I guess, summarizing those four answers, I think it would be fair to conclude—and I have, and you may disagree, and this is my question—that General Secord didn't have any flexibility in the handling of the transaction in terms of how many, how much, when and to whom he could arrange logistics, but in terms of the delivery of these weapons and the reimbursement, that was tightly controlled by the United States?

Mr. POINDEXTER. Certainly we gave—the President approved very specific arrangements and conditions. Those were passed to Colonel North, who, in turn, I think, passed them to General Secord for the logistics aspects of it.

Again, what he was legally entitled to do, I am not qualified to answer.

Mr. RUDMAN. Again, I am not asking for your legal opinion. I don't think it is justified to ask you for that.

I guess my question, then, after those four questions is this, admiral: Answering those questions as you did, and I believe those are, in fact, the uncontroverted facts of this entire transaction, I don't understand on what basis that you stated on Wednesday that General Secord was not an agent of the U.S. Government for the purposes of these transactions?

I don't use the word "agent" in any legal sense, admiral. I just mean that since he was so tightly controlled, he either had to be an agent or he had to be kind of a free entrepreneur. I don't understand your testimony that he was not an agent. So I would like your answer.

Mr. POINDEXTER. Well, I guess—and I thought I made it clear—that agent was not being used in any sort of legal sense. He was not a government employee. He was a private businessman who was doing things that we were asking him to do. So he, just as other businessmen, periodically do things that the U.S. Government asked them to do.

Mr. RUDMAN. Well, I would point out, admiral, that I don't have any problem with your answer. It doesn't contradict my understanding.

I would point out we have to rely on the written record for something, even though I would agree with you that some written records are more important than others. Some contemporaneous writings are probably not as accurate a year later as you would like them to be. That is the record.

If you look at exhibit 25, exhibit 25 is a PROF note from Oliver North, subject "Blank Check."

Mr. POINDEXTER. Could I clarify what "Blank Check" means? Is that pertinent to your question?

Mr. RUDMAN. Oh, you are free to answer. Yes. Of course.

Mr. POINDEXTER. That was simply the subject line of a PROF notes that I sent Colonel North back in August of 1985 that allowed him to reply to me directly. Otherwise staff officers that were sending PROF notes to me, those messages were intercepted by the executive secretary.

Mr. RUDMAN. I see. Would you agree with me in retrospect that was probably a poor choice of names?

Mr. POINDEXTER. It was a poor choice of names.

Mr. RUDMAN. On that note, on that PROF note about six or seven lines down appears this sentence—or seven or eight lines down. "He did not see any particular problem with asking Copp,"—that was Secord—"an agent for the CIA in this endeavor, but he is concerned that Cap"—et cetera, et cetera.

Here Secord is described in a PROF note as an agent of the CIA.

After you look at that one, turn to exhibit 28, page 2.

Mr. POINDEXTER. Page 2?

Mr. RUDMAN. Twenty-eight, page 2 of exhibit 28, which is a memorandum for the President from you, "Covert Action Finding Regarding Iran."

Page 2. And the first paragraph on page 2, about the middle,

"The objectives of the Israeli plan could be met if the CIA, using authorized agent as necessary, purchased arms from DOD under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran," again describing an agent of the government, which, of course, we all know without violating classified information is the way in many covert operations are carried out; is that not correct, admiral?

Mr. POINDEXTER. Yes, that's correct.

Mr. RUDMAN. All right.

Now, the reason I ask these questions is because I want your view about something. Obviously you cannot be held accountable for what people did without your specific authority. I will ask you flat out that I assume that you never intended for anybody to profit from this transaction.

Mr. POINDEXTER. I've testified to that already.

Mr. RUDMAN. Yes, you have, sir. I am not alleging now that anybody did or didn't. That's not up to us. Somebody else will determine that sometime.

But my point is that we do have some interesting statutes on the books about United States assets and the proceeds from them. I don't want to get engaged in them because your counsel will have to read them to make sure I'm construing them right. So we don't have to waste time with miscellaneous legal issues.

But it seems to me—and I want to ask whether or not you agree with this or not—that since Secord was described as an agent in every document that I have found reference to him, since your understanding in answer to my first questions is the same as other witnesses' understanding as to his flexibility, that whatever proceeds remained from that, only one entity has a right to determine their disposition, and that is the U.S. Government. Is that your understanding?

Mr. POINDEXTER. I think that I certainly felt that we had a significant say-so in—as to where those proceeds, residuals would go. Again, whether General Secord could legally have done something else with them, I think is another matter.

Mr. RUDMAN. All right.

I would just say parenthetically that in terms, and I am not talking about criminal statutes, I am talking about general statutes of the United States, for the record, Mr. Chairman, 31 U.S. Code 3302(b) which is the miscellaneous receipt of money statute, the Anti-Deficiency Act, which is 13 U.S. Code 1341, are rather specific on what happens to money that flows from the use of United States assets. I say that for the record because I think your answer

is the answer that I had hoped for and an answer that I can agree with.

I want to talk about the diversion just very briefly. I listened to your testimony very carefully, admiral, and it seems to me that what you have said, and I think I am quoting in part verbatim, was that the diversion did not establish a new policy. It was merely an implementation of a present policy, i.e., the President's strong commitment to supporting the Contras; is that correct?

Mr. POINDEXTER. That is correct, Senator.

Mr. RUDMAN. Did I understand you to say that this was a—would not—in your view, was like an individual making a contribution, or did I incorrectly understand you?

Mr. POINDEXTER. I think I described it as my thinking at the time was that it could be considered as a contribution from a private individual or we could have considered it as funds from a third country.

Mr. RUDMAN. Well, that was my next question because I thought I heard you say that.

Mr. POINDEXTER. I did.

Mr. RUDMAN. I wanted to point out some distinction here. It seems to me—I won't talk about the individual because I just don't understand that, but maybe if I think about it [illegible]—as far as the country, a donation from a third country like Countries One, Two, Three, Four, Five, and Six—counsel, are we beyond Six now?

Counsel says we are up to one-hundred and eleven.

Mr. POINDEXTER. I wish there had been that many, Mr. Liman.

Mr. RUDMAN. Counsel says 1 through 6.

In terms of Iran, which we don't have to call by number, it would be a very unique third country donation in this sense; it would be the only third country donation in which the donor was unaware of the identity of the donee; isn't that correct?

Mr. POINDEXTER. Well, I wish that I understood better and knew what, exactly what the Iranian officials were thinking. I don't frankly know what they were thinking or what they might have suspected.

One of our problems in the whole Iranian project, and one of the reasons that I frankly was personally interested in proceeding with it was the possibility of gaining better intelligence as to what the Iranians were thinking.

I really—I agree with you that it was an unusual situation, but as to what the Iranians suspected, what they knew, as it turns out, what Mr. Ghorbanifar may have told them, I don't know.

Mr. RUDMAN. Admiral Poindexter, you are a very competent man and you were, I think, a very good National Security Adviser, with a couple of mistakes along the way. But let me say, admiral, you are not submitting to this committee your view that the Iranians were anxious to help the Contras?

Mr. POINDEXTER. We made the point to them, Senator, that we didn't want them helping the Sandinistas. We also——

Mr. RUDMAN. We understand that.

Mr. POINDEXTER. We also made the point to them that we would appreciate their helping more in Afghanistan. They probably were not very interested though in helping the Contras.

Mr. RUDMAN. But Ghorbanifar, it well may turn out, was not telling his superiors, whoever they might be, and I am not sure we will ever know——

Mr. POINDEXTER. I am not sure either.

Mr. RUDMAN. He wasn't telling them what he was doing. It seems to us looking at that, I want to ask you a question and it may get to the area of a hypothetical, but, unlike counsel, members of this panel occasionally are allowed to ask hypothetical questions.

I would just observe to you that it at least seems to us looking at the strong body of evidence we have before us, that there is no way that you can't come to at least a partial conclusion that Ghorbanifar, who is known to be able to and shrewd and extraordinary as a bargainer, was throwing out some bait here to see whether the United States would buy it to reach his objective, which might have been to profit for himself as much as to help the Iranian Government; is that an unfair conclusion?

[Counsel conferring with witness.]

Mr. POINDEXTER. Clearly Ghorbanifar, Mr. Ghorbanifar, has a very poor reputation with people in this government.

Mr. RUDMAN. We will stipulate to that, admiral.

Mr. POINDEXTER. And we knew that and one of our objectives once we got into this was to bypass him as soon as possible.

What he was thinking and what he was doing, I just—it really would be pure speculation on my part.

Mr. RUDMAN. Well, it is speculation, but certainly knowing Ghorbanifar and knowing that he badly wanted to get into this act for one reason or another, certainly it is not—knowing Ghorbanifar as you knew him from reports—it would not be unusual to think he would do all he could to give us incentives to do what he wanted done.

Is that not correct? That is not an unreasonable hypothetical.

Mr. POINDEXTER. I think Mr. Ghorbanifar was clearly anxious for us to get into the project and clearly anxious for us to continue. I think in the process of bypassing him that although I think was a good objective, it did create problems of its own.

Mr. RUDMAN. I want to now turn to Boland, and I want to start by saying I don't want to debate whether Boland applied or didn't apply, that really will serve no useful purpose here. I am more interested in the process, how our government works, because I must tell you that I found your testimony on how the conclusion was reached somewhat surprising or I could say astounding.

My friend from Georgia and I have consistently supported aid to the Contras and neither of us liked the Boland Amendment. We liked Eddie Boland, but not the Boland Amendment. I don't want to talk about whether it is good or bad. I want to talk about how this came about.

We have testimony before us that Mr. McFarlane believed that it applied. We have testimony, I believe, from Mr. Gates before the Intelligence Committee indicating that the general view was that it applied, and I believe to the NSC.

I want to make sure I am right. I will get back to that. I will have someone check that part of the deposition.

But you are a highly trained naval officer with a Master's and a Ph.D., I believe, in physics; am I correct?

Mr. POINDEXTER. Yes, nuclear physics.

Mr. RUDMAN. I would not want to discuss nuclear physics with you, admiral, I can assure you. But neither you nor Bud McFarlane nor Oliver North, all bright people, graduates of the U.S. Naval Academy, advanced degree in your case, had any substantive legal training whatsoever; am I correct?

Mr. POINDEXTER. That is correct.

Mr. RUDMAN. As a matter of fact, as far as I can see, no one in that entire operation, including those who had law degrees, had what I would call extensive experience with legislative law and intent of Congress; would you say that is correct?

[Counsel conferring with witness.]

Mr. POINDEXTER. I think Commander Thompson did have significant legislative experience.

Mr. RUDMAN. He did not render an official opinion; did he?

Mr. POINDEXTER. Not in writing or in what I think you are referring to as in an official way, but I think his opinion was that the Boland Amendment didn't apply. Don't forget, Senator, my feeling about this was reinforced by the Intelligence Oversight Board.

Mr. RUDMAN. But, admiral I must point out, and I won't go to the page of the deposition, but I will fairly characterize it, I read it within a few moments, you testified that without going over it word for word—I don't want to do that—that you knew there was an opinion, you knew the existence of it, but you hadn't read it yourself?

Mr. POINDEXTER. No, that is correct. But I knew the results of it. If I had read it, I am not sure it would have added anything.

Mr. RUDMAN. What I am getting at, admiral, is that here you have this highly contentious piece of legislation, fought over for a long time in the Congress, high emotion. Means a lot to the President, opposed vigorously by very powerful Members of the House and the Senate who believed that it covered the NSC if it was involved in intelligence activity.

I want to understand how you can make a statement that you made here today, "We were on strong legal grounds on Boland." You are not going to tell the committee—you don't think that Mr. Sciaroni's opinion or Commander Thompson's oral opinion would be what you would call strong legal grounds, are you?

[Counsel conferring with witness.]

Mr. POINDEXTER. I did not consider that—I recognized that the opinion or the determination from the Intelligence Oversight Board was not just Mr. Sciaroni's determination, so I don't think it is fair to characterize it as his.

It was from the Intelligence Oversight Board, a group of three very eminent people with legal training and understanding, and I thought that that was a valuable piece of information to use.

It happened—I mean, I had concluded personally some time before that that I didn't think it applied—you know, the Boland Amendment, in my view, was an anti-appropriation law that affected how the U.S. Government could spend appropriated funds.

Mr. RUDMAN. Well——

Mr. POINDEXTER. And the policy to support the Contras was very clear, and if we could find another way to do it outside of appropriated funds, I didn't see any problem with it. There was also, I can recall some discussion on the staff as to if we really wanted to push

the issue whether CIA could do a little more—could do some of the activities.

CIA, at least below Bill Casey, were very leery of that and didn't want to get cross-threaded, frankly, with the congressional committees involved. We never pushed that, but I think if we had really pushed the legal issue, we might have been able to open that up a little bit.

Mr. RUDMAN. Well, talking about the oversight board, with all due respect, they have no line authority whatsoever over NSC.

Mr. POINDEXTER. No.

Mr. RUDMAN. Here is my question——

Mr. POINDEXTER. But I think they are good advisers.

Mr. RUDMAN. They may be. But you have been around this town long enough to know how contentious this issue was. You certainly knew that if Congress knew that was your view there would be an uproar?

Mr. POINDEXTER. I knew that there would be an uproar from some Members.

Mr. RUDMAN. Maybe even some who would agree with your policies. My question is this: why didn't—certainly you had a problem with White House counsel. I don't want to get into that, from your deposition, it is not important to get involved in personalities, but you had your own reasons for not going to White House Counsel. We will respect those.

But Ed Meese is one that you had a great deal of respect for.

Mr. POINDEXTER. Yes, that is true.

Mr. RUDMAN. And he was consulted on a number of important measures that you testified to. When you had problems with things, there was one reference where you and Meese got together and talked about some issues that were proper to talk about; I am not talking about anything that wasn't. So you had a relationship with Meese.

I have a question. I think the people of the country would like to know. Why didn't you, as the National Security Adviser, go to the Attorney General of the United States and say, General Meese, it is the view of the NSC that we are not covered by Boland, I want a secret legal opinion to the President, which he has a right to do as the President's client, telling us that we are right or we are wrong, so we can proceed?

Why didn't at least we avoid the situation we are in now where we had an opinion of the Attorney General essentially agreeing with your position? He is the highest legal officer in the land. It was the single, most important foreign policy initiative in this hemisphere that the President was concerned about, is one that you were immersed in enormously, had put great stakes in, why not have the Attorney General give an opinion?

I would like an answer to that and that will be my last question on that subject, because I don't understand it.

Mr. POINDEXTER. The thought never crossed my mind. In carrying out my duties, I simply didn't think about them in terms of going to Ed and asking for a legal opinion from him.

Mr. RUDMAN. Do you know the Justice Department does that as a matter of course for agencies if they request the Office of Legal Counsel, they do issue opinions?

Mr. POINDEXTER. I guess I am generally aware of that. I don't think I have ever initiated something like that.

Mr. RUDMAN. I hesitate to ask this question, but I——

[Counsel conferring with witness.]

Mr. RUDMAN. I am going to ask this question. Was there any consideration of the fact that you didn't want to go outside for an opinion because you might get an answer you didn't like?

Mr. POINDEXTER. I don't think that crossed my mind.

Mr. RUDMAN. That was never discussed amongst your staff?

Mr. POINDEXTER. No, not that I initiated or participated in.

Mr. RUDMAN. I accept your answer, admiral, you know I don't mean to make light of this, but it is like a book written a few years ago, like everything we always wanted to know about Boland but were afraid to ask. It doesn't make sense to me that we are in this mess without getting an opinion from a valid lawyer. If we had an opinion of the Office of Legal Counsel here today that said you could do it, a lot of people might disagree with it, but nobody would get into the process.

Mr. POINDEXTER. I think an important point here in terms of my thinking in these legalistic ways that you are describing, clearly my involvement with Central America evolved over a long period of time. When the Boland Amendment first passed in October of I believe—the fall, early winter of 1984—I was the deputy, and Central America was not one of my major responsibilities. I, in general, followed what was happening there.

So when I took over in January of 1986, the activity of the staff in support of the Contras was well under way. My instructions to Colonel North was to continue on course.

So I don't mean by that statement to pass the buck to anybody else, I am just telling you that that accounts to some extent, in my mind, for not going through a very thorough analysis of all these considerations that you have raised.

Mr. RUDMAN. I would just point out exhibit JMP-8, which is a memo from North—I don't think you have to get it out, I will read it to you, it's very short, a note from North, and it says in part, shares my concern—not the admiral—that "our legal fellow is going to create unhelpful speculation re our intentions on this matter as he proceeds around town asking questions about the Boland Amendment and its legal legislative intent." So there was almost a nervousness with some of your staff, "Don't ask, because you are afraid to get the wrong answer." At least that is how I read other memos. That was not your intent?

Mr. POINDEXTER. That was not my memo, and I have seen that exhibit in my preparation for these hearings. I am not sure who he was even talking about.

Mr. RUDMAN. One part of your testimony I have a hard time understanding, and you said that you could say that you were complying with the spirit and the letter of Boland because you knew in your heart that it didn't apply to you; is that basically what you said?

Mr. POINDEXTER. Yes, that is correct.

Mr. RUDMAN. Well, on another law that I am interested in, is that like if I had come down to you a year ago and said to you,

"Admiral, are you complying with the spirit and the letter of Gramm-Rudman-Hollings," would you have said to me, yes, sir, I am, because in your heart of hearts you thought it was unconstitutional? That is what you are saying.

Mr. POINDEXTER. I have some problems with your piece of legislation.

Mr. RUDMAN. Lots of people do. You join a lot of folks, admiral. I am simply saying to you that I don't understand—and I will tell you why I don't understand it. In all the dealings that I had with you heretofore in committee, I believe you would agree with me that government must operate in good faith.

Mr. POINDEXTER. I agree.

Mr. RUDMAN. And it is the trust that we put in each other in government that makes it work. You would agree with that?

Mr. POINDEXTER. I would agree with that.

Mr. RUDMAN. And I would simply ask you if it didn't trouble you a bit at least to have to look people in the eye and say to them, "I am complying with the letter and the spirit of your law" because essentially you said to yourself the law doesn't apply. That really isn't dealing in good faith, is it?

Mr. POINDEXTER. As I have testified before, I was clearly withholding information, and unless it is for a very good reason, I think that that is a difficult thing to do. I would much have preferred if we had had another way to do it.

As I have testified before, often you don't have good options or solutions. You have got to make do with what you have. I did the best that I thought I could under the circumstances.

Mr. RUDMAN. I have a couple more brief lines of questioning, and I will be finished before that hour.

Very briefly, about the investigation itself, I just want to make sure I understand your answers completely. I think they have only been asked once, which is unusual. A lot of these questions were asked a number of times and they may be asked again.

Mr. POINDEXTER. I was going to say, we are not through.

Mr. RUDMAN. But we'll ask this one for a second time, is it your testimony that Attorney General Meese at no time asked you about the source of your authority for the diversion?

Mr. POINDEXTER. He did not ask me that question.

Mr. RUDMAN. Is it also your testimony that he never asked you specifically whether the President knew of the diversion?

Mr. POINDEXTER. I don't believe that he asked me that. I certainly don't recall it.

Mr. RUDMAN. Did he discuss with you at all any discussions he had had with the late Director Casey in the last 72 hours on the issue?

Mr. POINDEXTER. He did not. The meeting that he had with me on Monday, the 24th, was a very short meeting.

Mr. RUDMAN. What was the concern that he was expressing? He was there on a factfinding mission for the President; is that correct?

Mr. POINDEXTER. That's correct.

Mr. RUDMAN. He was going to go public with the diversion memo—you knew that, I assume?

Mr. POINDEXTER. I did not know that.

Mr. RUDMAN. Did you know it shortly after?

Mr. POINDEXTER. I guess I would have had to have concluded that on Tuesday morning, the 25th, after my meeting with him in his office, but I didn't know when they were going to go public, I don't believe, until I heard from my staff that he was going down to the press room at whatever hour it was.

I think that was really the first indication that I had that they were going to go public.

Mr. RUDMAN. When he was in your office and on any occasion you spoke to him after the diversion memo was discovered, which was on a Saturday, at any time from that point until the time you resigned and left your post, did you have any discussions with Attorney General Meese that would give you some indication of what his concerns were about this diversion memo that he had found?

Mr. POINDEXTER. The only thing that comes close to that is that in the meeting with him in his office around 7:30 on the 25th, he indicated to me that he didn't think that there were any criminal problems.

He did say that his people were still looking into it, but that at that point he didn't see any problem. And we really didn't have any other discussion.

I knew from my own assessment that it was going to be a politically volatile issue, and I was going to receive a lot of criticism, and the reason that I decided what I did at the time in February 1986 was that I hoped that most of the criticism would be deflected on me.

Mr. RUDMAN. Do you know who recommended to the President that Oliver North be fired?

Mr. POINDEXTER. I don't know that. I was surprised and disappointed that that came out the way it did.

Mr. RUDMAN. Do you think that Mr. Meese in his public statements overreacted to this whole matter or do you think the he underreacted?

Mr. POINDEXTER. As I think I testified yesterday, since that time, with hindsight, I think I made an error in agreeing to resign so soon. It would probably have been better if I had not, and if we had resisted the temptation to go public so quickly until we had many more facts sorted out.

And our rationale, my rationale for doing what I did—and by "our" there, I meant Colonel North and me, not anybody else—that would have made things simpler, I believe.

Mr. RUDMAN. Admiral, the last questions I want to ask are difficult questions. They are not meant to be, but we are looking at policy and I expect some people will be looking at this as a matter of history and maybe somebody will learn something from it.

And I pick up off your last answer, which you answered a few days ago. Maybe it was yesterday; it seems like a few days ago. I have a clear picture of the President of the United States during this period—I think it might have been the weekend after North was fired, you resigned—walking out of the White House to board Marine One to go to Camp David and somebody in the press yelling to him across the area, "Mr. President, won't you tell us what has happened and who's involved and whose idea it was?" I remember the President standing in front of cameras there holding his hands

up and shrugging his shoulders with a very plaintive look and saying, "I wish somebody would tell me."

I understand that you had great personal concern at that time, but I don't think anyone has ever got into your personal courage. What I don't understand is why it took us so long to get to where we got yesterday.

[Counsel conferring with witness.]

Mr. RUDMAN. I want to know, as the National Security Adviser to the President of the United States, as one who did not feel he was acting as a criminal, as one who was carrying out the policies that he believed his Commander in Chief wanted, why before you left your assignment you did not say to the President, "Mr. President, I may get in trouble about this, but I want you to know, and you may say that what I did you did not authorize me to do, and I take responsibility for it," and thus not have had the agony that we have had for the last 8 months, because I happen to believe your testimony. I believe you when you say you did not tell the President.

Mr. BECKLER. Senator, there is one thing that you said, that "you did not authorize me to do." There was never testimony by Admiral Poindexter that he was not authorized.

Mr. RUDMAN. What I meant to say was that the President, you did this on your own, you authorized it and you did not notify it, you did it on your own based on what you perceived to be your general authority from the President, which is your testimony.

Why was that not done, admiral? That is something that baffles many people in America.

Mr. POINDEXTER. Well, this was a very difficult time in November. I was very tired, as I have testified. I think that if I had thought about the whole issue more rationally, at that point I should not have agreed to resign right away. In fact, the events of November 25th snowballed very rapidly. I frankly had no idea that Ed Meese was going to go out and, whatever time it was, 11:30 or whatever, to make this announcement.

My meeting with the President at 9:30, as I recall, I thought was—it was the first opportunity to tell him that I wished to resign because of the transfer, and it was going to be a difficult issue.

Mr. RUDMAN. If I could interrupt, you didn't have any pressure to resign at that point, if I understood you, or did you? I want to know that.

Mr. POINDEXTER. I think I did. When I talked to Ed Meese on Monday the 24th, I told him that I was prepared to resign, but I would leave it up to him, and I don't think I said this, but my intent was to him and the President as to the timing of when I resigned.

And so I frankly, on the morning of the 25th when I got the call from Ed in my car, I was surprised that he wanted me to come right over. So the unusual method of setting up that meeting and my diverting from going into the White House to go over to his office, and his telling me that "I think you should resign today," I assumed that that was also coming from the President at that point, and so I didn't really think I had any options at that point.

Mr. RUDMAN. But by——

Mr. POINDEXTER. With hindsight, I probably should have objected and made a case for slowing it down.

Mr. RUDMAN. But by your previous answer, I think if I understand your previous answer, the one about delaying your departure, you believed that had you stayed, at least the President would have had all the facts and not made some of the statements he made based on erroneous information.

Mr. POINDEXTER. Well, I am not sure, Senator, what erroneous statements he has made.

Mr. RUDMAN. We don't have to get into that, but I will tell you the President has been in the position of having to correct a number of statements since he, himself, has become aware of some of this information, and certainly he was not—everybody who could help him who was directly involved was gone; isn't that correct?

Mr. POINDEXTER. That is correct.

Mr. RUDMAN. And you were not in a mood to talk to people down there. I assume you retained counsel. I assume counsel said, look, from this point on, you take advice from me; is that correct?

Mr. POINDEXTER. That is correct. And, of course, the problem was that there was pressure in the media and from the Congress to establish an independent counsel. I don't think I had anticipated that.

That put the whole situation in a different light and was one of the—the talk of that made me realize that I really should retain counsel, and after that, I did take their advice.

Mr. RUDMAN. I understand your answer. I have used up actually more time than I thought I would. I would just say, Admiral Poindexter, that you've been helpful to the committee—I must say that I just don't understand how that Boland decision was made, and we will disagree about that. I will not get into the question of whether the President should have been notified or not, except with that last observation.

That, in my view, you acted in good faith. It is my view that presidents ought to be allowed to create their own political disasters. Nobody else ought to do it for them.

That was not your intention. Unfortunately, that is the way it has turned out.

And I thank you for your testimony.

Mr. Chairman, I have no other questions.

Chairman HAMILTON. The Senator has 8 minutes remaining in his time, which we will reserve for him.

The Chair recognizes Mr. Hyde for 1 hour.

Mr. HYDE. Thank you, Mr. Chairman.

Good afternoon, admiral.

Mr. POINDEXTER. Good afternoon, sir.

Mr. HYDE. We will wait until all the major media leaves.

We planned it that way.

I have a limited time, admiral, so I won't tarry too long on the almost obligatory, but nonetheless sincere, condemnations of some of the things that went on here.

I want a more comprehensive record than otherwise we might have, and so I have several issues I want to discuss with you.

But I do want the record to be clear that I find very difficult to defend the lies and the deception—the letter of compliance, that

said you have complied with the letter and the spirit of the law when you really meant to say it didn't apply. That is almost a negative pregnant, which Mr. Beckler can explain to you.

The weapons in one plane, I don't see—I have been keeping track, admiral. You once told me those weapons could get in one plane and we are talking a thousand TOWs, HAWK parts in May, and 500 TOWs in October, and I am told if they could ever find a plane that those could fit in, it would never fly.

The Hasenfus matter, and a form of hubris—mild, benign, but nonetheless hubris—that permitted you, a nuclear scientist, to make what was essentially a political decision, not a legal decision, not a strategic decision, but a political decision, and that raised the question of political competency, competency to govern, the question as to who is in charge.

It produced a political calamity, not just for you and Colonel North and Mr. McFarlane, but the President, and our party as well.

And, worst of all, I think it might damage the causes that you and I so passionately believe in. What has happened as a result of this calamity has been the throwing of raw meat to the Reagan-haters that abound at least inside the Beltway and I am very sorry that it happened.

I know you are very sorry that it happened. The problem with deceiving Congress is that your friends get deceived and they go out and talk to the media and do television programs and insist that what you have told us is true, and it can be very embarrassing. It affects our credibility.

I was very insistent with Charles Krauthammer on a television show that these were just a small little piddling group of weapons to show our bona fides, to coin a phrase.

He insisted it was arms for hostages. While I am not convinced it was arms for hostages in its starkest terms, I think he may have been more correct than I was, and so if Mr. Krauthammer is listening, I apologize to him for being so strident.

I shall be a trifle more cynical than I have been heretofore, and I am one who doesn't like to be cynical.

Putting that all to one side now, I have purged myself of all those negative thoughts. I want to supply a little context—a word I have come to love—to this situation.

Now, there is nothing more deadly dull—oh, I can think of a couple of things, but I won't—nothing more deadly dull than reading from a book. However, I think you will find this utterly fascinating, as I did. It is a book written by Bill Gulley with Mary Ellen Reese called *Breaking Cover*.

The former Director of the White House Military Office reveals the shocking abuse of resources and power that has been the custom in the last four administrations.

Now, Bill Gulley and Mary Ellen Reese were writing about the Johnson administration, the Nixon administration, the Ford administration, and the Carter administration. It was written in 1980. And I am going to tell you the question I am going to ask you before I read the book. It is kind of an open exam. I am going to ask you if this doesn't seem familiar, a little deja vu?

Let me read this.

The White House is a world apart. It's a palace, an ivory tower, an ego trip for its inhabitants. One of the elements that makes that world so special is the feeling of importance that pervades it. Whatever work is being done takes on a heightened significance; there's an urgency about everything. It's heady stuff. This sense of the critical quality of everything that's done in the White House interacts with the nature of those in it. Most are personally ambitious, have a tendency to be impressed with power, and are goal-oriented achievers.

So you have a small, special, isolated world revolving around truly awesome power, in which there are ambitious men and women who are convinced of the importance of what they are doing, and feel they have a better grasp of significant issues than those removed from the seat of all that power. But that's not all. If it were, the White House could be a think tank, and it's not. On the contrary, the White House is the hub of the Executive Branch of the government, where decisions of government are implemented. The Hill is the talk-about-it place; the White House is the do-it place.

All this doesn't necessarily lead to abuse; it just makes abuse easier. If you are convinced that what you are doing is right, important and urgent, you may well be impatient with anything that might slow you down or bring you to a halt.

The scene is set, the players are in place to take that next step, which will carry them over the line into abuse of power. When getting things done becomes the goal, value judgments about the means become blurred; more and more the standard becomes 'Will it work?' Almost imperceptibly, expediency begins to outrank principle, and when that happens, 'bending the law' becomes breaking it, and secrecy enters the picture.

The White House that Gulley saw was a palace of pragmatism where dishonesty flourished. It is a pragmatic palace because it is dedicated to the work of getting things done, not to debating the fine points. "To be efficient you have to circumvent the bureaucracy," Gulley says. "If you don't circumvent the bureaucracy you're a toothless tiger. Literally, you're a toothless tiger. Because you know if you go to Congress they're going to talk it to death, politics is going to get into it, nothing's ever going to happen. But in the White House you can get things done. You can make things happen."

Richard Nixon posed the crucial question in his memoirs: "What is the law and how is it to be applied with respect to the President in fulfilling the duties of his office?" To expand: What is the law and how is it to be applied with respect to those who are trying to fulfill their duties to the President as they, and he, see those duties? It is a knotty question, which, Gulley says, hardly brushed the consciousness, let alone the conscience of those in the White House during his 11 years there.

In the White House, he says,

You never worry about the law. I never worried about the law, about breaking the law. This never entered my mind, and I doubt it ever entered the minds of people who asked me to do things—maybe for a little bit after Nixon resigned, but it evaporated almost immediately. My thinking was, if the President wants it done, it's right. I never questioned it. It never occurred to me that some sheriff might show up somebody with a warrant.

Say you are talking to the chief of staff about a project. The first thing you do is immediately try to size up the importance of what he wants. And whatever you're talking about is legal because anything's legal. You never say no. If he didn't want to do it, you wouldn't be there in the first place. He hasn't got you in there to tell him he can't do it, or why he can't do it. He wants to know how he can do it. Remember, the guy's not doing it for himself, for Watson or Rumsfeld or Haig. He's doing it for Johnson, Ford, or Nixon.

First you got to think, what are the percentages that we're likely to get caught?—because it's embarrassing if we get caught. In the back of their mind it's not that they're going to go to jail. It's the image. They're terrified of being seen to be using government money, facilities—any of its assets—for their own purposes. And the reason is that they are abusing those assets. All the goddamn time. And every administration's just the same.

You need to get a thing done, and you don't care how it's done. They would have problems on the Hill. Trying to get stuff through committees. If it was public knowledge, can't you see some guy of the opposition party standing upon the Senate floor

or on 'Issues and Answers' saying, 'Do you know how much the President's telephone bill is a year? Well it's 10 million dollars, plus he's got five hundred people full time to make sure his calls go through.' So you see, this is why. In order to make the White House work, it's not possible to stay within the law.'

With the recent quantum jump in aggressive investigative reporting, it has become more difficult to keep things from the press, and by extension, from the public, but it can be done. Just as information is withheld from Congress.

Congress has been criticized, often bitterly, for failing to press for facts about activities at the White House. Part of its constitutional function is to serve as a check on the Executive Branch of the government. No doubt there are times when congressional investigations could be pushed with more vigor, but in the end they're no match for the White House's ultimate weapons: 'Tell the bastards no.'

When I first got to the Military Office, Gulley says, we had a call from the General Accounting Office. They had an inquiry from Melvin Laird, who was a Republican congressman then, about how much Johnson had spent on renovating an airplane. So GAO called and wanted to see the figures. When we told Johnson what they wanted, he said, 'Tell the bastards, no.' So we called GAO back and said those figures weren't available, and the thing just died.

Here it was, an inquiry from a congressman, from the General Accounting Office, and nothing ever happened. When I saw that, I decided right then I wasn't ever going to let anyone see anything. Except what I wanted them to see.

I just thought that might provide a little context for what we are going to talk about.

Chairman HAMILTON. Mr. Hyde, may I interrupt? And I apologize to you for doing so.

I am informed a Senate vote is under way. That is the reason the Senators have left.

Mr. HYDE. I thought they were all media people.

Don't let them back in, Mr. Chairman.

Chairman HAMILTON. You may proceed.

Mr. HYDE. Thank you.

Unfortunately, admiral, we in the House don't have the resources the Senate has, so we have a little map. If I could get a map of one of the most strategic parts of the world half as big as we can get Boland Amendments blown up, it would be marvelous.

Would one of you stand up there?

I just want you to indicate, admiral, why Iran is geostrategically important. Tell us what countries surround it. What is its crucial importance?

Mr. POINDEXTER. The crucial importance, I would say, is based on two factors. One is the immense oil supply that exists under the ground in that area of the world. Although today the United States does not receive that much oil out of the Persian Gulf area, it does go into other parts of the world, and clearly if that oil supply is endangered it has an eventual impact on the United States.

Mr. HYDE. I have heard, admiral, it is potentially the second largest oil producer after Saudi Arabia. Is that true?

Mr. POINDEXTER. Yes, potentially, I believe that that is correct.

Mr. HYDE. Now, the countries that surround it—where is the Soviet Union? Can you point to it?

Mr. POINDEXTER. The Soviet Union is just to the north. To the northeast you have got Afghanistan, and then Pakistan. The Soviet Union—

Mr. HYDE. It has a large border with the Soviet Union, does it not?

Mr. POINDEXTER. A very large border, which is essentially the area he's marking right there.

Mr. HYDE. Are there not Soviet divisions in place there?

Mr. POINDEXTER. There are a large number of Soviet divisions on the border, and indeed the Soviets go through periodic exercises as to how they would cross that border and move into Iran.

The Soviets historically have wanted to have a warm water port in the Indian Ocean. Strategically that is very important to them. Control of that oil in the Middle East that comes out of Saudi Arabia, Iraq, Kuwait, Iran, Oman, and the Arab Emirates along the western side of the gulf would be very valuable to the Soviets, certainly just from the standpoint of being able to control the flow of that oil to the West.

Mr. HYDE. And of course there is a shooting war going on in Afghanistan, which has a long border with Iran, and some 110 to 120 thousand Soviet troops in there fighting; is that correct?

Mr. POINDEXTER. That is exactly right.

Mr. HYDE. And are there not a million refugees in Iran from Afghanistan?

Mr. POINDEXTER. There are a large number. I'm not certain of the number.

Mr. HYDE. I am told a million in Iran and three million in Pakistan. Does that——

Mr. POINDEXTER. That would be——

Mr. HYDE. —sound reasonable?

Mr. POINDEXTER. There are more, I think, in Pakistan, than Iran.

I have felt, and I think supported by much of the intelligence community, that the Soviet move into Afghanistan is an attempt to push on through eventually to the Indian Ocean.

Mr. HYDE. A Soviet-Iran or a Soviet-dominated Iran would be a catastrophe for the West, would it not?

Mr. POINDEXTER. It absolutely would be.

Mr. HYDE. And it would dominate the rest of the Middle East as well if it happened, would it not?

Mr. POINDEXTER. That's correct, Mr. Hyde.

Mr. HYDE. All right.

Now let's talk about moderate Iranians. That is a great joke around town. They say the only moderate Iranian is someone who has run out of ammunition.

Are there moderate Iranians?

Mr. POINDEXTER. I think probably a more accurate term is "pragmatic Iranians." There are Iranians that believe that the course of the government in Iran over the past few years cannot be in Iran's long-term interest, that eventually they need to come back to the West in terms of establishing a more constructive relationship.

Mr. HYDE. This war seems endless with Iraq, and fourteen year old children are getting killed at the front, and the economy is in difficulty, and it seems endless. And it seems to me, as I'm sure to you, admiral, insane that there aren't some elements within Iran who understand they are being led off the edge of a cliff by the present government; is that true?

Mr. POINDEXTER. Absolutely. One of the very interesting observations from Bud McFarlane when he came back from Tehran was the situation in the city. Building construction has essentially ceased. Metal buildings and facilities are rusting away. Cranes are standing there stationary. The condition of the streets is—there is no maintenance being done.

The economy is in an absolute disaster.

Mr. HYDE. The Ayatollah Khomeini is 86 years old; is that not true—at least 86?

Mr. POINDEXTER. At least.

Mr. HYDE. And he is ill, I am told, we know that?

Mr. POINDEXTER. He has been physically weak for some period of time.

Mr. HYDE. And there is a struggle more or less visible for succession going on as we speak; is that not true?

Mr. POINDEXTER. Yes. There is very significant maneuvering between the various groups.

Mr. HYDE. Now, for the United States to turn away from that situation and not try to influence events would be to hand it over to the Soviet Union, which has the advantage of immediate—geographical immediacy and many troops mobilized on the border.

The consequences of Khomeini dying and a struggle for power and that being influenced by the Soviet Union have immense consequences for the West; is that not true?

Mr. POINDEXTER. That is absolutely true. One of the reasons that we started pushing on the Iranian situation in June of 1985 with the draft NSDD that we prepared—which I believe is an exhibit—was to get people in the U.S. Government focused on the issue, because we did not want to repeat the situation of the 1970s of having a dramatic change come about in Iran over which we had little influence and about which we knew very little.

Mr. HYDE. Now, a president can sit in the Oval Office and coast, especially in the latter years of his administration—don't do anything risky, and be controlled by events and hand it on to his successor or he can attempt to control events himself.

And this President attempted to control events himself, did he not?

Mr. POINDEXTER. That is exactly right, Mr. Hyde.

Mr. HYDE. Let's talk about hostages.

Did you ever meet with the families of the hostages?

Mr. POINDEXTER. I did.

Mr. HYDE. I did, too. It is an agonizing experience, is it not?

Mr. POINDEXTER. It is.

Mr. HYDE. You cannot even speak to these people because you don't know what to say. They say, "you don't care about my husband, you don't care about my brother. You care more about an empty policy written on a piece of paper," and that is the sort of thing, and entirely understandable.

You have to weep for these people, because they are hurting, they are in pain, and they are crying out for help, and it is impossible to tell them what you are trying to do; isn't that so?

Mr. POINDEXTER. I was going to say, that is the hardest thing, is being with them and not being able to tell them what you are doing to get their loved ones back.

It's very difficult, and fortunately most of the families, although very grieved, are understanding. They believe in the U.S. Government. They believe it when the President says that he is working as hard as he can to get them back.

But there is still, I am sure, a flicker of doubt in their minds. You would like to be able to put that at rest but you are not able to because of the dangers involved.

Mr. HYDE. The book on Ronald Reagan during his first term was he had no compassion. The book on Ronald Reagan during his

second term is he suffers from an excess of compassion. I would suggest having the President interview these families—and there is no way it can be avoided—they are entitled to see the President, and they did. But that created a situation that I can honestly say you have to be there to really understand.

Now as an example of the bone-crushing pressure brought on a President and an administration that cares about human life, I have collected just a fraction of the press that was written about the hostage crisis. One of the interesting ones was *Newsweek* magazine, 10/20/86, "America's Forgotten Hostages." And they have things like "The Daniloff deal, then her brother's haggard look and pained, videotaped call for help were the last straws.

"It is now possible to piece together a wrenching study in human misery.

"We've said in every way we can, publicly, privately, on the street, that we are ready to talk to these people about the safety and release of the hostages, and we are willing to do it, any place, any time, with anyone.

"But so far, according to the administration, all leads have proved tenuous, imprecise and contradictory. 'It's a maddening situation . . . There's no place to vent one's rage. You simply have to keep plugging away at it . . .' Given the lack of results, however, the argument leaves most hostage relatives cold. 'The President keeps saying there is no comparison' with Daniloff, says Blank's son, Blank, a cardiac researcher from Huntington Beach, California. 'He's right. In our case, I see a complete lack of commitment . . . a lack of urgency and a prolonging of his suffering.' If nothing is done to break the impasse, the plight of the captives will grow worse. And with the families breaking silence, an administration that has so successfully avoided the fate of Jimmy Carter in Iran could finally face its own hostage crisis."

"William Buckley, a diplomat the kidnappers took to be a CIA agent, apparently did not survive. Privately, administration officials now believe that after 19 months of sustained torture he suffered pneumonia and other complications as a result of one especially brutal session and died early in October."

Buckley was the CIA Station Chief there, had been the CIA Station Chief in Islamabad, and when they got him, they got a whole network of people that took years and years to develop, human intelligence sources in the whole Middle East. That called for some urgency, it would seem to me, to try to save him and save numberless lives throughout the Middle East.

"Peter Kilburn, a librarian at the American University in Beirut. A gentle man in frail health, he used to write long, loving letters about God and life to his favorite niece, Patty Little of Watsonville. Kilburn was held for ransom by a group of kidnap-for-profit Lebanese who, many U.S. officials told the family, had been demanding millions of dollars for his release. Intelligence sources learned that, shortly after Kaddafi offered a million dollars if the hostages in Beirut were turned over to him, Kilburn's kidnappers sold him to a pro-Libyan Abu Nidal faction, which promptly executed him calling it a reprisal for the Libyan raid. The same group also tried to buy Anderson and the other hostages for the same purpose . . . But they were not sold.

"Afterwards Blank wrote a bitter letter to President Reagan. 'It is terribly sad to think he was worth more dead to them than alive to his own country,' she said. And she accused the administration of failing to help her family find a way to negotiate."

Skipping all this, because it is heartbreaking, " 'I can assure you,' Poindexter concluded"—this is a letter you wrote which really should be read, and I will put it in the record—but you ended up, " 'I can assure you,' Poindexter concluded, 'that President Reagan will never forget the hostages remaining in Lebanon.' 'It was a real good letter,' so-and-so said last week. 'But I'm not that stupid.' "

"Now, critical of the administration's lack of action on behalf of other hostages, Levin says, 'I think that was the dirtiest, meanest thing Reagan ever did.' " And on and on and on.

Vice President Bush was called a terrorist by one of the families, and he had—was—he said, "How can you say that to a Christian man?"

This person said, "Prove you're a Christian." So that is some of the pressure the White House was under.

And Congress played its role. One of the Presidential candidates for the Democrats put things in the record, articles from U.S.A. Today that were—"If President Reagan was chained to a wall in a small, windowless room, he would call for negotiations. If the captors became the captives, they would pray for immediate release. If any of us were seized and held hostage, we would all beg not to be forgotten. These men deserve nothing more than what any of us would expect to be done on our behalf."

Another one by the same Presidential candidate: "They have experienced shock, anger, frustration and lack of confidence in elected and appointed officials."

Another one from a Congressman from North Dakota. Well, another one, a Congressman from California. "The President gets angry at the suggestion that he has not done enough to bring the hostages home. Yet after 2½ years, he admits that he has not even succeeded in contacting the captors."

A Senator from a Midwest State; a congressman from a Midwest State; the *Christian Science Monitor:* "There isn't even a specific person in charge of the hostages. I am told that there are 200 people working on counter-terrorism, but no one can tell me the person who is responsible for the hostages." Et cetera, et cetera, et cetera.

I just think it is helpful to the record to know the pressure that you people were under, and I have so many more that I won't burden the record with it.

Mr. POINDEXTER. If I might, Congressman Hyde, a couple of points.

Mr. HYDE. Sure.

Mr. POINDEXTER. One, I think it is interesting that since the Iranian project became public, you have seen very little in the press about the hostages. We still have many over there.

The second point is that we felt from the beginning in managing the hostage situation that we wanted to maintain a low profile public approach, because, after all, one of the reasons that hostages are taken is to put pressure on the U.S. Government, and we did

not want to publicly acknowledge our concern as much as people might have appreciated, and, in other words, we wanted to downplay it from the public point of view while secretly we were working very hard.

Mr. HYDE. Admiral, let's talk about the quality of intelligence available to you. A fascinating book that I hope everyone interested in Iran will read by a man named Gary Sick, "All Fall Down: America's Tragic Encounter With Iran."

Mr. Sick was with the Carter White House and was involved intimately with the hostage crisis that President Carter was involved in—and may I say that the criticism of President Carter was unwarranted that he received in the campaign. Anyone who reads this book and understands what hell he and his people went through trying to get those people out ought to understand what hell Ronald Reagan has gone through, and I hope we never have another hostage crisis of that magnitude. But I hope Americans would not be as critical as we seem to have a penchant for being. That is a parenthetical.

One of the parts in this book talks about the intelligence failure, and Mr. Sick says, "I had written a briefing paper for Brzezinski noting that the most fundamental problem at the moment is the astonishing lack of hard information we are getting about developments in Iran. I commented that this has been an intelligence disaster of the first order. Our information has been extremely meager, our resources were not positioned to report accurately on the activities of the opposition forces, an external penetration, the strike demands, the political organization of the strikers or the basic objectives and political orientation of the demonstrators."

I won't read more, but it goes on to say that our intelligence strategy apparently was not to get the Shah mad by talking to the Mullahs and to the opposition for fear he would think we were cutting a deal with them, so we didn't go for them. We just kept talking to the Shah. Therefore, we knew nothing about the revolution, nothing very useful, and we got caught there flying blind.

And so my question to you is whether we have improved? Is the quality of our intelligence any better when you were formulating policy? I suspect not. I will tell you why. I would rather answer it than you for a couple of reasons.

I think human intelligence is what we need over there, not satellites and signals intelligence. I think you need people who penetrate organizations over there, and that is the toughest thing to get, and it takes years to develop, and we lost that capability somewhere along the line, and it is hellish to rebuild it.

Is that true?

Mr. POINDEXTER. That is absolutely true, Congressman Hyde.

The problem is that with technical means of collection, there is no way that you can find out about intent as to what the people are planning on doing. The only way you can get that is through human intelligence. A satellite will tell you how many divisions, or how many tanks, or how many airplanes, but it won't tell you what they are planning on doing with that. To do that, you have to have good human intelligence. The problem is human intelligence is messy, because you have to deal with people. You don't always know whether they are telling you the truth or not.

Mr. HYDE. A Boy Scout can't penetrate the Hizballah. An Eagle Scout would have a tougher time, I suppose, than a Tenderfoot, but the Boy Scouts aren't admitted to the company of assassins and kidnappers, you have to deal with murderers and dope dealers and some people think that is beneath the intelligence service.

Mr. POINDEXTER. I have to deal with pretty despicable characters if you are going to get penetration of some of these organizations.

Mr. HYDE. The succession struggle was on in Iran. The Ayatollah, elderly and ill, although, again parenthetically, I am told he has an older brother who is 96. I don't think that gives one an awful lot of encouragement.

To make it even worse, I am told his father died at 106 under interesting circumstances which I shall not—well, I shouldn't leave it that way. He fell out of a tree while picking an apple.

In any event, the succession struggle was underway and if you were going to have any influence, you had to move; is that not so?

Mr. POINDEXTER. That is absolutely true.

Mr. HYDE. So we relied on Israeli intelligence, which has for years had people over there and had a successful intelligence system, at least far better than anything we have, is that not true?

Mr. POINDEXTER. That is correct.

They had been working on the problem for some period of time for their own reasons. We thought that they had a beginning that we could take advantage of.

Mr. HYDE. Admiral, weren't you inclined to shut down this Iran operation during the spring and summer of 1986 when the February arms shipment failed to get a hostage released and it looked like we were being strung along?

Mr. POINDEXTER. Yes, we were. And we did go through a period of time there where we were essentially standing down.

Mr. HYDE. Who kept reviving the operation? Did Colonel North get Director Casey to help relight the fire?

Mr. POINDEXTER. Well, at the time I would have said that Bill Casey was anxious to continue. I did, as I recall—get a memo from him that recommended that we push ahead.

Mr. HYDE. Was it the Israelis? Did they have an interest in keeping this thing going and did they come back with new information and additional spins on this to give encouragement to continue?

Mr. POINDEXTER. Yes.

The Israelis were anxious to continue. They felt that the long-term gains were significant enough that they wanted us to continue participating.

And I frankly was torn. We were discouraged after the February shipment, and the fact that we didn't get the hostages back, and I sensed bad faith. But on the other hand, we had so few other options in terms of gaining a decent channel into Iran, and getting the hostages back.

Mr. HYDE. In for a penny, in for a pound.

You started down the slippery slope and——

Mr. POINDEXTER. As I said earlier today, I believe, you don't always have good options. You have to make do with what you have.

Mr. HYDE. The conventional wisdom is that the Iran overture was a policy disaster. Is that not too precipitous a judgment?

Shouldn't the jury still be out on that? Because if we do lack good intelligence, we don't really know whether we were getting somewhere or not on the hostage issue or the strategic opening.

Would that be a fair statement?

Mr. POINDEXTER. I think that is a very fair statement. I think it is possible if the present people working this problem in government go about it properly, I think it is still possible. One of the interesting things is that we maintained contact with the second channel right up until the day I left the White House, and we were alerting the channel as to what we were getting ready to do so that the President's speech, so that his press conference didn't surprise them.

We got the Iranian Government to have their ambassador at the U.N. make a statement, which referred to the United States in terms that are more favorable than ever had been made public by this particular Iranian Government, because I truly believe that with the second channel that we had established, we were in contact with some people that really wanted to bring about some changes in the Iranian Government that would be much to the benefit of the United States.

I am not talking about returning to a situation in Iran that was the same as when the Shah was there, but turning the government around to a direction where we could indeed have a constructive relationship with them.

I think it is still possible that that may come about.

Mr. HYDE. It is a little disheartening, isn't it, admiral, that since November, when the succession struggle is being waged in full force, and we need the access and influence most, we seemed to have lost it, and that is——

Mr. POINDEXTER. I think—you know, there is another problem here. I think it is a misconception, and there are probably people on this committee that will disagree with this point.

But I do not agree that we caused great damage to the foreign policy of the United States in that area of the world. I personally spoke to two very senior representatives of governments in that area of the world, and once I explained what we were doing, why we were doing it, there was no big problem.

Mr. HYDE. You would think those countries would have a great interest in a more moderate Iran rather than a revolutionary Moslem fundamentalist expansive state?

Mr. POINDEXTER. Yes.

At this point, I want to take a bit of a shot at the State Department because one of the problems after this became public was that we got a lot of harping and criticisms from officials in the State Department, primarily in my view because they didn't understand what we were trying to do, they were overreacting to press reports because they weren't aware of what was happening, and I think that that contributed to what I consider to be overreaction to the whole affair.

Mr. HYDE. Moving to the lying, leaks and paranoia department, let me talk briefly about lying, because we have all been sermonized about how terrible lying is, and that is a given. I certainly accept that. But "the end doesn't justify the means"—it just seems

to me that is too simplistic when you have to deal with some very difficult, complex moral situations.

A lady from Florida sent me a clipping about her dad. I just got it this morning. Her father was Walter Rozamus, who in 1945 was a 31-year-old lieutenant colonel. His job was to change the immigration papers on rocket scientists in Germany who worked for the Nazi Government so they would come to our country and the Soviets wouldn't get them.

They could not be admitted to our country had their position in the Nazi government been told truthfully.

So his job, called Operation Paperclip, was to change the records so that we kept these scientists from going to the Soviet Union, and by reasonable estimates getting a 20-year jump on us in space science.

One can say you cannot tell a lie, you should not tell a lie; that was one of the things George Washington went down in history for, but I personally am glad we got those scientists and the Soviets didn't. There may have been a lot of lives saved.

Leaks. I have a book of leaks. I am a leak collector, and I have a book. I am going to keep it here for members to look at. I don't want the media to look at them because I don't want to confirm the accuracy of some of the things that have been disclosed, but if anybody doesn't think it is a major, critical problem, they are not paying attention. This book will be here for any members to look at and it has quotations, leaks from the Hill, from the committees, even as we sit on this one, from the White House, from the CIA, and I think it is very important to know that human nature is the same. People have a secret. It burns a hole in their mouth or their mind. They have to tell people about it. And because you are an elected official, human nature remains the same.

A little bicentennial note: Going back to 1776, the Committee of Secret Correspondence. As we all know, under the Articles of Confederation there was no central Executive Branch of government, so special committees dealt with the business of government and on the Committee of Secret Correspondence, Ben Franklin, Robert Morris, Benjamin Harrison, John Dickenson, and John Jay.

Let me read to you from October 1st, 1776. Mr. Thomas Story mentioned that "the French court could not think of entering into a war with England but they would assist America by sending from Holland this fall 200,000 pounds sterling worth of arms and ammunition to St. Eustacious, Martinique, or Cape Francois."

Philadelphia, October 1, 1776, "The above intelligence was communicated to the subscribers, being the only two members of the Committee of Secret Correspondence now in the city, and on our considering the nature and importance of it, we agree in opinion that it is our indispensable duty to keep it a secret even from Congress for the following reasons. Should it get to the ears of our enemies at New York, they would undoubtedly take measures to intercept the supplies and deprive us not only of those succors but others expected by the same route. As the court of France has taken measures to negotiate this loan in the most cautious and most secret manner, should we divulge it immediately we may not only lose the present benefit but also render the court cautious of any further connection with such unguarded people and prevent

their granting other loans of assistance that we stand in need of. We find by fatal experience that Congress consists of too many members to keep secrets."

That is Ben Franklin, a wise old man, I think everyone will agree. There are more here, too.

My point is not to be historical, but to point out that human nature has been the same and when you are a Congressman—by the way, Thomas Paine was fired as secretary of the Secret Correspondence Committee for revealing information from the committee's file.

Mr. POINDEXTER. He was a journalist, wasn't he?

Mr. HYDE. Yes, he was.

By the way, when you were Mr. McFarlane's deputy, do you recall an occasion when there were seven unauthorized disclosures within 10 days, each of which damaged foreign policy interests? Didn't this precipitate a renewed but futile attempt to identify and punish the leakers?

Mr. POINDEXTER. We had a—I vaguely remember that period of time. But we had a continuous battle in order to try to identify where the leaks were coming from.

Mr. HYDE. We have access to someone who made a chart diagramming the seven leaks in 10 days.

Let me just add a little paragraph from William Colby's memoirs, "Honorable Men, My Life in the CIA." He was speaking of his experience about leaks. He says, "Sadly, the experience demonstrates that secrets, if they are to remain secret, cannot be given to more than a few Congressmen. Every new project subjected to this procedure during '75 leaked, and the covert part of CIA's covert action seemed almost gone."

Who leaks the most? I don't know. Anybody whose got an interest in currying favor with the media, or who wants to torpedo a policy that they don't like. There are all sorts of reasons why people leak. If the soldier lives by the sword, the Congressman lives by the typewriter, or I guess the word processor, and we like to be popular with the media and if we have a little inside story, it can be not too difficult to worm it out of us.

Admiral, when you have other people's lives dependent on what you say or what you do, it is quite a burden, isn't it? In other words, the secrecy to protect people's lives, those words come off very easily, but as a lawyer, I had one capital case, and I remember worrying myself sick that if I did the wrong thing, my client would be executed.

I am sure Mr. Beckler, Mr. Liman, Mr. Van Cleve, Dick Leon understand that representing somebody whose liberty or whose life is at stake if you do the wrong thing is a heavy responsibility, and you, I assume, having covert operations that involved people's lives and the hostages' lives were moved by the same consideration, weren't you?

Mr. POINDEXTER. Yes, I certainly was. That was amongst other reasons that was one of the reasons that I did not like to speak out publicly.

Mr. HYDE. Privatizing foreign policy, I hate to sound like the broken record, but my classical example is March 20, 1984, when some of the most distinguished Members of Congress wrote to the

President of Nicaragua telling them that they didn't agree with our foreign policy. "We have been and remain opposed to U.S. support for military action directed against the people or government of Nicaragua," et cetera, and they wind up saying, "We reaffirm to you our continuing respect and friendship for the Nicaraguan people and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time." They had their own little State Department going and they were ready first announcing to the President of Nicaragua they don't agree with this Government's policy, "We stand ready to talk to you."

But I have another such example. January 11, 1985, the Congress of the United States to Prime Minister Wilfried Martens, care of the Embassy of Belgium. "In 1985, Belgium is in the unique position to undertake new initiatives to further your government's stated goal of making the further deployment of theater nuclear weapons unnecessary. We strongly endorse the recent announcement by your government to delay the initial deployment of cruise missiles in your country, and we now ask that you seriously consider formally extending this pause during the course of the bilateral negotiations to be undertaken as a result of the Geneva meetings earlier this week." The copy I have is signed by five Members of Congress but there are names here for another seven. What they were doing is writing the Prime Minister of Belgium saying, don't deploy the cruise missiles and the Pershing IIs. That was our policy, the policy of Europe, but these folks had their own foreign policy and they were sort of privatizing things.

Well, history, if anybody cares anymore about history, shows that every President has used private citizens for important missions. Washington used Governor Morris in 1791 to negotiate with the British on the Treaty of Peace. David Humphries negotiated at Washington's instance and request with Spain. James Polk had John Slidell in 1846 negotiate with Mexico. Grover Cleveland in 1893 had a man named Blount take over Hawaii. Woodrow Wilson had his peripatetic Colonel House. F.D.R. had Eleanor. Jimmy Carter had Ramsey Clark, not to mention William Miller, who was staff director of the Senate Committee on Intelligence, try to negotiate, and it was patriotic, dangerous work, with the Iranians. My Lord, Ronald Reagan had Bud McFarlane after he left office go over in a life-threatening position. So it is not unusual to see that.

Let me close very briefly by making a couple of points. We haven't talked too much about Nicaragua. But it just seems to me, admiral, that if we—if we cut the support for the Contras, they will become refugees. They will disperse. Those that aren't in prison or killed will become refugees and we will never get them back again.

Is that your belief?

Mr. POINDEXTER. History would confirm that, I think.

Mr. HYDE. When that happens, the Communist revolution that the Borges and the Ortegas talk about, the Revolution without Frontiers, will get consolidated. They won't have to look over their shoulders and they can start working on what they have been telling us, subverting El Salvador, Honduras, Costa Rica, and I often wonder who is going to protect the Panama Canal 10 years from

now—the Postal Service, I suppose, of San Jose, Costa Rica, because they don't have an army, do they?

Mr. POINDEXTER. No, they don't. They have a civilian——

Mr. HYDE. If that happens, we are going to have to send our troops down there, aren't we?

Mr. POINDEXTER. That is the point I have been trying to make.

Mr. HYDE. If we keep these indigenous people of Nicaragua who love the mountains and their land, and are willing to fight for it as people were in Hungary and got crushed, as people were in Czechoslovakia and got crushed, because that was over there, but this is over here, in our back yard?

Mr. POINDEXTER. It really is. I have always had trouble understanding why we are not delighted to help when they are willing to fight for themselves.

Mr. HYDE. Let me read, and this will be my penultimate comment. Let me read to you from a speech that was delivered June 9th this year at the Foreign Policy Association by the former Governor of Virginia, a Democrat. "Much of the blame for our erratic course rests with the Reagan administration, whose shifting rationales for Contra aid and extralegal misadventures have done much to discredit its policy."

I agree with that.

"Still, I hope Congress will recognize that it too has a responsibility to the Nicaraguan Resistance. Turning aid on one year and off the next"—and these are classic lines—"is tantamount to playing with their lives. If Congress is unwilling to make a clear and continuing commitment to aid for the Contras, it should terminate the program and be prepared to accept the consequences.

"My view is that Congress should approve a multi-year package of aid, for without constant pressure, the Sandinistas will have little incentive to relax their repressive grip on Nicaraguan society or to reach a negotiated settlement with their neighbors.

"In short, the Resistance must win political as well as military victories, but it is unlikely to do either if it must face alone and unaided a Sandinista army of 70,000 men trained by Cuba and supplied by the Soviets and equipped with advanced weaponry like the Soviet Hind helicopter gunship. Only with consistent United States backing can the Contras even the military odds sufficiently to win growing support among the Nicaraguan people. We can't expect them to rally behind a doomed cause."

Do you accept that?

Mr. POINDEXTER. Yes, I do.

Mr. HYDE. Well, admiral, this has been for all of us, and some of us have tried to lighten the burden, but it is an emotional, gut-wrenching experience to go through these hearings and to see good people who have made errors in judgment have to sit here and go through the tortures of the damned, and I know what this has been for you and your family, but you were confronted with dangerous and difficult choices that none of us hopefully will ever have to be confronted with, and as you get the back of our hand for your sacrifices and your services, I hope you understand in your heart that there are a lot of Americans who appreciate the sacrifices you have made, because when it all adds up, the good and the bad and the ugly and the indifferent and the hostile and the vindictive and the

hypocritical—never forget the hypocritical—you have helped keep freedom alive in Central America. You have given freedom a fighting chance and that is not a small achievement.

Thank you, admiral.

Mr. POINDEXTER. I think the American people, if I may respond, many of them understand that as demonstrated by the telegrams I have received since my appearance up here has started, and for that, I would like to thank them.

Mr. HYDE. Thank you, admiral.

I am told I have a few minutes left. May I reserve my time for Monday following my friend Mr. Foley or anybody else.

Chairman HAMILTON. You certainly may, Mr. Hyde. We have 7 minutes remaining for you.

This concludes the business, and the joint hearings will stand in recess until 9:00 Monday morning in room 2172 of this building.

[Whereupon, at 4:20 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Monday, July 20, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of John M. Poindexter

MONDAY, JULY 20, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
AND
SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings of the House and Senate Select Committees will come to order.

The Chair recognizes Mr. Foley to begin one hour of questioning.

Mr. Foley?

Counsel?

Mr. BECKLER. Mr. Chairman, I just have one request. There was a fitness report abstract, a part of a fitness report that was read by Senator Nunn on Friday.

I request, I guess it would be Mr. Kaplan, who is in attendance here, that I be provided with a full copy of the fitness report from which that was read so we may examine it.

Thank you.

Chairman HAMILTON. We will see you get it, Counsel.

Mr. BECKLER. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Foley is recognized for one hour.

CONTINUED TESTIMONY OF JOHN M. POINDEXTER, FROM JULY 17

Mr. FOLEY. Thank you, Mr. Chairman.

Good morning, Admiral.

Mr. POINDEXTER. Good morning.

Mr. FOLEY. Admiral, you testified that the President knew in a general way of your efforts and that of Colonel North and others on the National Security Council staff to assist the Contras. I would like to explore in a little more detail that testimony.

Chairman HAMILTON. Mr. Foley, we are having a little trouble hearing you. Is your mike on all right?

Mr. FOLEY. Can you hear me, Mr. Chairman?

Chairman HAMILTON. I think that is better.

Mr. FOLEY. I will repeat the question, admiral.

You testified that President Reagan knew in a general way of your efforts and that of Colonel North and others on the National Security Council staff to assist the Contras.

First of all—Colonel North also testified that he received specific authorization from his superiors to coordinate the procurement of arms for the Contras during 1985 and 1986.

Did you authorize Colonel North to coordinate or otherwise participate in any fashion in the procurement of arms to the Contras in 1985 and 1986?

Mr. POINDEXTER. Well, Mr. Foley, as I have testified before, these activities were ongoing when I took over as National Security Adviser in January of 1986, and my instructions to Colonel North were to continue on course, and that certainly would have included the coordination and discussion between the private parties, the private support network, and the Contra leadership to get them the right kind of arms that they needed.

Mr. FOLEY. Did you tell the President that you were so instructing Colonel North?

Mr. POINDEXTER. I don't recall telling him that specifically. He knew that the Contras were receiving arms and that they were receiving it from private parties and third countries.

Mr. FOLEY. Did he know that Colonel North was involved directly?

Mr. POINDEXTER. He knew that Colonel North was, as I have described him, the chief staff officer on the NSC staff with regard to coordination and liaison with the Contra leadership.

Mr. FOLEY. Colonel North testified that his efforts to open up the so-called Southern Front received support from his superiors.

Did you discuss with Colonel North specifically the Southern Front efforts?

Mr. POINDEXTER. Yes. Certainly. In fact, in December of 1985, I traveled to Central America on a day trip. I flew to Panama one night and the next day flew back up through Costa Rica, El Salvador, Honduras, and Guatemala; and in Costa Rica, we did discuss there, for example, the private landing strip that was being constructed in the northwest corner of the country; and——

Mr. FOLEY. Of Costa Rica?

Mr. POINDEXTER. Of Costa Rica.

—and we discussed in general measures that could be taken to encourage the cooperation between the government of the country involved and the democratic resistance forces.

Mr. FOLEY. Did you specifically authorize Colonel North to proceed with the development of the airstrip?

Mr. POINDEXTER. I don't recall it that way. I think I was aware that there was a difficulty because they didn't have a divert field that was close enough to be used to provide safety to the aircraft and to the crews, and for a long time, there had been concern about this. And my recollection is that it was on this trip that I was brought up to date on what was happening in that regard.

Mr. FOLEY. Were you told that there was a need to refuel aircraft? Or was it largely the emergency diversion?

Mr. POINDEXTER. I don't recall discussing it at that level of detail. I just knew it was a field that could be used. I don't think we discussed the mechanics of fueling the aircraft.

Mr. FOLEY. The airstrip was opened in the spring of 1986?

Mr. POINDEXTER. I believe that is correct.

Mr. FOLEY. And did you discuss with the President prior to the airfields being opened that this was being planned?

Mr. POINDEXTER. When I returned from my one day trip through Central America, I debriefed the President on the results of the trip and my notes, which you have as one exhibit, indicate that, indeed, I did talk to him about the private airstrip.

Mr. FOLEY. What date was this again? Approximately?

Mr. BECKLER. You will——

Mr. POINDEXTER. You will have to get out one of the exhibits.

Mr. FOLEY. January 1986?

Mr. POINDEXTER. No. December 1985. There is an exhibit that provides the notes for that 9:30 meeting.

Mr. FOLEY. You did explain in the general debriefing of your trip that the plans were being made to develop an airstrip in Costa Rica; you did tell the President this?

Mr. POINDEXTER. As I recall, the discussion with the President—and this has been a very long time ago—but I believe all we discussed was that the Costa Rican Government was being cooperative in terms of letting private individuals establish an airstrip in the remote corner of the country.

Mr. FOLEY. Did you tell the President that the U.S. Government, through Ambassador Tambs, was active in obtaining the cooperation of the Costa Rican Government?

Mr. POINDEXTER. I don't recall going into that level of detail.

Mr. FOLEY. Was it——

Mr. POINDEXTER. In general, Mr. Foley, the details as to how actions were being carried out across the board—not just on Central America, but in all the other broad aspects of the President's global responsibilities—seldom do we get into the details of who is doing what.

The real thing that is important to a president, I think, is what indeed is the outcome, what is the result.

Mr. FOLEY. Let me put it this way. Did you lead the President to believe that this was a purely private effort, the construction of the airfield was a purely private effort, and the U.S. Government was not intimately involved in arranging for the construction of the airfield?

Mr. POINDEXTER. No, I don't think so. I think that it would have been clear from my debrief that we knew what was going on and were keeping very close track of the private operation.

Mr. FOLEY. My question is what the President knew and what you told him.

Mr. POINDEXTER. Well, Mr. Foley——

Mr. BECKLER. Let me say, Mr. Chairman, that the question was answered. We will answer the questions. We have been doing that for 4 days, and we did it in 4 days of depositions.

Mr. FOLEY. Mr. Chairman, the answer was "we." I am trying to decide who the "we" refers to. Does it refer to the National Securi-

ty Adviser and his staff, or does it include the President of the United States?

It is a very fair follow-up question, I think.

Mr. POINDEXTER. Mr. Foley, I don't know what the President knows. I'm not going to speculate on what he knows or what he doesn't know.

Mr. FOLEY. My question, sir, was what you told him at the time of the meeting in December and what might be fairly inferred from your briefing of him as to what he knew then.

Mr. POINDEXTER. I've given you the detail that I can recall. I simply can't recall further detail about it. It's been a very long time ago.

Mr. BECKLER. Mr. Chairman, I would request—there is an exhibit that this committee has—unfortunately I don't have the number at my fingertips—that is notes of that meeting. Perhaps the witness could use that to refresh his recollection as to what was said or perhaps Mr. Foley could use that as a guide as to what was said.

Chairman HAMILTON. The witness may certainly refer to the exhibit.

Do we have the number?

Mr. BECKLER. Unfortunately, I don't. It was an exhibit by the Senate, I think, by Mr. Liman's examination.

Mr. FOLEY. Let me ask you what your intention was, admiral, if you can recall. Was it your intention, on the one hand, simply not to go into what you might have thought to be unnecessary detail in the briefing of the President, or was it your intention to protect the President from knowledge about the degree to which the U.S. Government was involved through Ambassador Tambs and others in the permission to build the field in Costa Rica and the plans to construct it with U.S. Government assistance?

Mr. POINDEXTER. Mr. Foley, my intention was to exclude what I considered extraneous detail.

Mr. FOLEY. Did you tell the President that it was Colonel North who had requested General Secord to construct the airfield?

Mr. POINDEXTER. I don't believe that I covered that detail.

Mr. FOLEY. But you yourself knew that General Secord was operating under the general instructions of Colonel North with respect to the construction; is that fair?

Mr. POINDEXTER. I certainly knew that General Secord was leading a private logistics organization and Colonel North stayed in very close contact with him. I don't know that I was aware of the detail of General Secord's involvement with that airstrip, but it would not have surprised me to learn that.

We simply—with all of the issues involved, simply didn't—I usually did not get into that level of detail, and I did not bring the President into that level of detail. He knew the Contras were being supported. He knew they were being supported by third country funds and by private support activity and that we were keeping close track of what was happening.

Mr. FOLEY. Under some interpretation, construction of the airfield might be considered a detail; isn't that true?

Mr. POINDEXTER. The point—the only reason for bringing that up with the President was that it was a dramatic display of coopera-

tion and support for the President's policy by the country involved. That was the thing that was important to the President.

Mr. FOLEY. Colonel North testified that he received approval to conduct the air resupply of weapons to the Contras inside Nicaragua.

Did you authorize Colonel North to direct the air resupply operation?

Mr. POINDEXTER. Again, Colonel North was given a very broad charter to carry out a mission, and I did not micromanage him. I don't think it is appropriate.

Mr. FOLEY. Did he tell you he was doing it?

Mr. POINDEXTER. I was aware that he had information on the times of delivery, and I assumed that he was indeed staying in close coordination with the private support effort.

Mr. FOLEY. In your method of managing subordinates, I think you've testified that you tend to give them responsibility and then not attempt to micromanage them?

Mr. POINDEXTER. I give them authority. I maintain the responsibility, Mr. Foley.

Mr. FOLEY. So you assumed the responsibility for the resupply effort because you knew it was being conducted by Colonel North and you did not interrupt or countermand those efforts?

Mr. POINDEXTER. That's correct.

Mr. FOLEY. Did you authorize Colonel North to use the air supply to drop lethal supplies in Nicaragua?

Mr. POINDEXTER. There was no distinction in my mind in the private logistics support organization between lethal and nonlethal weapons or material.

Mr. FOLEY. Even——

Mr. POINDEXTER. The whole question—excuse me—of lethal and nonlethal I think is a very difficult semantic question and it really only arose with regard to the $27 million appropriation.

Mr. FOLEY. And as far as you are concerned, that was not a very good distinction in law or in practice; is that correct?

Mr. POINDEXTER. I think, as you have all heard in the prior testimony here by Secretary Abrams, in practice, it was a very difficult issue to resolve as to what was lethal and what was nonlethal.

Mr. FOLEY. In September of 1986, did Colonel North give you a photo album prepared by Colonel Dutton to show to the President?

Mr. POINDEXTER. I don't recall seeing the photo album. I do recall being aware that it was available. My recollection is that Colonel North told me that he had a photo album if I wanted to show it to the President, at that point we were heavily involved in other issues, and I did not accept his offer to show it to the President.

In fact, I don't recall seeing it. The first time I recall seeing it was on television during one of your hearings.

Mr. FOLEY. So to your knowledge, the President never saw the album?

Mr. POINDEXTER. No.

Mr. FOLEY. Colonel North testified that he had discussions with David Walker concerning certain military missions inside Nicaragua during 1985. Did you know about these activities?

Mr. POINDEXTER. I recall that Colonel North reported to me at one point—I have lost track of the timeframe—but that a man

named David Walker had come to town, and as I recall, Secretary John Lehman, who was the Secretary of the Navy at the time, had made it known that Walker was an interesting person that somebody ought to talk to.

Colonel North reported talking to David Walker and generally laid out who he was and what sort of assistance he might be able to provide the Contra leadership.

Mr. FOLEY. You knew he was a former SAS officer?

Mr. POINDEXTER. I believe I did.

Mr. FOLEY. And that there was discussion under way about conducting military operations inside Nicaragua under David Walker's direction?

Mr. POINDEXTER. As I recall my level of detailed knowledge on that was simply that he was an ex-SAS officer involved in an international security business and thought that he might be helpful to the Contra leadership in their fight against the Sandinistas.

Mr. FOLEY. Do you know whether Colonel North directed him to the Contra leadership and helped coordinate his activities?

Mr. POINDEXTER. I don't recall knowing that. I would not have been surprised.

Mr. FOLEY. You wouldn't have disapproved of that effort?

Mr. POINDEXTER. Absolutely not.

Mr. FOLEY. Were you concerned about the U.S. Government being involved through an intermediary security specialist in the performance of military operations inside Nicaragua?

Mr. POINDEXTER. I don't think that is inappropriate at all. As I have testified numerous times before this body, I did not feel as if the Boland Amendment applied to the NSC staff, and there weren't any restrictions on our putting the Contra leadership in contact with people that might be of assistance to them.

They needed help. We were trying to do everything we could to help them.

Mr. FOLEY. Well, you are familiar as the National Security Adviser with the usual standards of international conduct. Isn't it true that if the U.S. Government directly perpetrated acts of military violence inside a country with which we have diplomatic relations that that could be considered an act of war?

Mr. POINDEXTER. Mr. Foley, under the Presidential Findings that existed long before this, the U.S. policy was to do that very thing.

Mr. FOLEY. Commit acts of war against Nicaragua?

Mr. BECKLER. May I request, please, that the witness be allowed to continue his answer?

Mr. FOLEY. I am sorry. I didn't mean to interrupt the witness, counsel.

Mr. POINDEXTER. I don't consider that an act of war. The Sandinista Government is exporting revolution to the surrounding countries of the area. I think that is a much more serious problem. All that we were doing was putting the Contra leadership in contact with an expert that might be of assistance to them in training and in operations.

Mr. FOLEY. Well, if I can review your answer, as I understood you to say, that under a previous Finding, the President had approved this kind of thing, and the previous question to that was whether if it had been done directly by the United States, whether

committing acts of military violence in Nicaragua could be considered an act of war.

Now, I am still a little uncertain about what your answer is with respect to the activities. You say that they are not acts of war, but they are acts of military violence. Would you agree?

Mr. POINDEXTER. I am not saying that we were directly involved in that. What I am saying is that Colonel North talked to Mr. Walker to find out what his capabilities were, and then I assumed that he put Walker in contact with the Contra leadership.

What the Contra leadership decided to do with Mr. Walker is a decision for the Contra leadership.

Mr. FOLEY. Do you know what later happened in Nicaragua?

Mr. POINDEXTER. I do not know.

Mr. FOLEY. We were, in effect, a sort of broker to bring David Walker together with the Contra leadership for the purpose of what he proposed to do in the way of committing military acts within Nicaragua. We were at least in that role; is that correct?

Mr. POINDEXTER. Mr. Foley, I don't see any difference between putting Mr. Walker in contact with the Contra leadership than I do in encouraging private support to the Contras to carry on their fight against the Communist Sandinista Government?

Mr. FOLEY. Was the President informed of Mr. Walker's activity at any time?

Mr. POINDEXTER. No, he was not.

Mr. FOLEY. To your knowledge, has he ever been informed about it prior to these hearings?

Mr. POINDEXTER. Would you repeat the question, please?

Mr. FOLEY. To your knowledge, has he ever been informed about it prior to the public disclosure of Mr. Walker's activities?

Mr. POINDEXTER. I doubt it. In fact, as I have just testified, I don't recall knowing if any results ever came out of the Walker connection.

Mr. FOLEY. With respect to the air resupply operation, did the President ever give specific authority for Colonel North to conduct the air supply—resupply operations?

Mr. POINDEXTER. Mr. Foley, I have gone over this question numerous times now, and I have told you what I feel was the President's understanding. It did not include something as specific as directing Colonel North to conduct air supply operations.

Mr. FOLEY. I understand you have told us the President has general knowledge, and I accept that answer. I am trying to find out whether the President had more specific knowledge. You told us that the President had specific knowledge about the construction of the airfield, which is a detail of the effort of air resupply.

I am just asking you if he knew about the general effort to resupply or authorized it, and you have answered the question.

Colonel North testified that in the summer of 1985, rather than route money directly to the Contras, he participated in the establishment of a secret Swiss bank account under his control.

When you approved the diversion of funds from the sale of arms to Iran, did you also approve the use of the Swiss bank accounts, the secret Swiss bank accounts?

Mr. POINDEXTER. Mr. Foley, I don't think it is accurate to say that Colonel North established a Swiss bank account under his control.

Mr. FOLEY. I said participated.

Mr. POINDEXTER. Well, I misunderstood you then. I was aware that Colonel North was concerned about the logistics operation, the way it was going, and I was aware that he was going to Miami to talk to the Contra leadership about this, and I was aware that he was going to talk to General Secord about setting up a more professional logistics support operation as a private operation.

With regard to details of bank accounts that General Secord may or may not have had, I simply didn't get involved in that.

Mr. FOLEY. Did you know about it?

Mr. POINDEXTER. I suppose at some point I probably did, only from the standpoint of it being mentioned probably in passing, in talking about the amount of money that was available to the Contra leadership.

But with regard to how many accounts and what their names were——

Mr. FOLEY. Were you told how much money was available to the Contra leadership from these accounts?

Mr. POINDEXTER. The only figure that I can recall is the one that you have got in one of the exhibits where Colonel North indicated to me that there was $6 million available.

Earlier on, when support was coming from what we have referred to as Country Two, I was generally aware of the amount of money that was available then.

Mr. FOLEY. Were you led to believe by Colonel North that $6 million from the sale of arms to Iran was going to be available to the Contras?

Mr. POINDEXTER. That is the reference I was just making.

Mr. FOLEY. Were you satisfied later that that $6 million was actually distributed to the Contras?

Mr. POINDEXTER. I—again, that is a detail that I did not get into. I don't know that.

Mr. FOLEY. You don't have any knowledge at a later time that you can recall—you had no knowledge of how much actually went to the Contras?

Mr. POINDEXTER. No, I do not know.

Mr. FOLEY. Do you know if the main force of the Contras, the FDN, was ever provided with any of the funds from the diversion of funds?

Mr. POINDEXTER. I have no basis on which to answer that question.

Mr. FOLEY. You don't actually know who got the money or——

Mr. POINDEXTER. I don't know that.

Mr. FOLEY. Well, there has been a lot of testimony here about keeping the body and soul of the Contras alive during 1986 with the sale of arms to Iran.

Are you testifying that you don't of your own knowledge know if they got a dollar of it?

Mr. POINDEXTER. No——

Mr. BECKLER. Mr. Chairman, I think the testimony, the words, say what they say. The witness has made it clear, he has testified now, this is his 8th day of testimony.

In 4 days of private deposition, we were told that if we wanted to get the facts out, find out, and so on——

Mr. FOLEY. Let me rephrase the question, counselor.

Mr. BECKLER. Let me finish—I would like to finish my objection. My objection is we are going over and over the same ground again. This is the eighth day. This witness has testified on many occasions that he did not know the actual details of where the bank accounts were and where the money went to, but he has never denied the fact that the Contras received some part of the money. That has been asked and answered over and over.

Chairman HAMILTON. Counsel, the question has been withdrawn here so there is no basis for an objection.

Mr. BECKLER. Thank you.

Chairman HAMILTON. However, the Member certainly has the right to ask questions that he thinks need further explanation.

I recognize that the witness is asked again and again to comment on certain transactions, but Members have the right to explore it in detail.

Mr. Foley, you may proceed.

Mr. FOLEY. Let me suggest something to you and ask for your response. I would suggest to you that Mr. Calero has testified that in 1986, the main force of the Contra resistance in northern Nicaragua—this force is generally put to be about 12,000 to 15,000 men—did not receive any funds from the accounts of General Secord or Mr. Hakim.

Do you have any response to that? Do you know whether that is true or do you have any comment on it?

Mr. POINDEXTER. I heard Adolfo Calero's testimony, and I am sure that it was truthful. If it were not for these hearings and the special prosecutor, I think that all of the parties involved, General Secord, Mr. Hakim, Mr. Calero, and Colonel North could sit down and sort this out very accurately.

But as things stand now, there is no opportunity for that sort of consultation, and I don't know what the correct answer is.

Mr. FOLEY. Let me ask you to respond to this if you wish. That the only funds that were distributed from the accounts of Mr. Hakim and General Secord that resulted from the diversion of funds were applied to the so-called Southern Front, most of them for the purpose of aircraft and the payment of salaries and that about $600,000 or so was the amount of the supplies that were provided to the Southern Front.

Do you have any reaction to that statement?

Mr. POINDEXTER. No, I don't.

[Counsel conferring with witness.]

Mr. FOLEY. You do not yourself—is it your testimony that you do not yourself know how the funds were distributed from the sale of arms to Iran or whether any of those funds reached the Northern Front and all of them if any reached the Southern Front that were distributed?

Mr. POINDEXTER. I have great trust and confidence in Colonel North and General Secord, and I was confident that they would

make the right judgments and do the best they could under a very difficult set of circumstances of keeping the Contras alive as a fighting force, and I still believe they did the best they could under very difficult circumstances.

Mr. FOLEY. Where was the fighting force of the Contras, the main force?

Mr. POINDEXTER. I am sorry.

Mr. FOLEY. Where was the main force of the Contra resistance, in northern Nicaragua or in the Southern Front?

Mr. POINDEXTER. The main fighting force in the country was, of course, in the north. One of our objectives in order to keep pressure on the Sandinista Government was to make the force in the south a better force.

Mr. FOLEY. Can you tell me——

Mr. POINDEXTER. We also worked very hard in getting political coordination between the leaders in the south and the leaders in the north.

Mr. FOLEY. What I am trying to understand, Admiral Poindexter, is how it can be said again and again in these hearings that the diversion of funds, which you authorized in February 1986 from the sale of arms to Iran, kept the Contras alive during a critical period, when you yourself do not quarrel with the testimony that the main force of the Contra resistance by far, the northern front, did not receive any of those funds?

Mr. POINDEXTER. I haven't testified to that. I said I don't know.

Mr. FOLEY. Well, if you don't know, how can you testify that the Contra force was kept alive by the diversion of funds, if you don't know whether they got any of the money or not?

Mr. POINDEXTER. I don't believe that I have attributed keeping the Contras alive only to the transfer of residual funds. It was the whole effort of private support, third-country support, getting political—developing political cohesiveness amongst the Contra leadership, helping them focus on what their objectives were. Those things taken in toto I believe kept the Contras alive as a fighting force.

Mr. FOLEY. So you are not willing to say here that it was the diversion of funds that purchased vital supplies to keep the main force of the Contras alive——

Mr. POINDEXTER. I don't believe I have ever testified to that.

Mr. FOLEY. All right. Thank you.

If we can turn for a moment to the sale of arms to Iran. You testified, I believe, that the President approved in general the so-called nine points that were discussed with the Iranians in Tehran?

Mr. POINDEXTER. Yes, that is correct.

Mr. FOLEY. And was he given point-by-point explanation of what those nine points were?

Mr. POINDEXTER. I don't recall the actual conversation with the President. It would have been during the campaign. We were very likely on the road. It was probably a very short briefing.

Mr. FOLEY. I think this is exhibit 62, the reference. Were these nine points for discussion with the Iranians serious proposals, or were they designed to merely open up possibilities for discussion?

Mr. BECKLER. May we have a minute to look at the exhibit?

Mr. FOLEY. Yes.

Mr. BECKLER. Thank you.

Mr. POINDEXTER. Those nine points and the whole effort with the second channel, which we felt, and not only—by "we," I'll define it this time, Mr. Foley, it was me, Bill Casey, Bill Casey's people at the Agency, and Colonel North felt that the second channel was a very credible channel that went to an official within the Iranian Government in a very high position, and we thought the channel showed a great deal of promise.

The nine points were designed to get over the first hurdle, which we have always described was getting our hostages back, and after that, setting up a mechanism through which we could carry on a more strategic dialogue with the—what we considered to be the pragmatic elements within the Iranian Government.

Mr. FOLEY. Without the American hostages, though, no such undertakings as these would be made to the Iranians, isn't that true?

Mr. POINDEXTER. Say that again.

Mr. FOLEY. Without the existence of American hostages and the desire to have them released, no such undertakings as these would ever be made to the Iranians, isn't that true?

Mr. POINDEXTER. I don't think that I would make such a statement.

Mr. FOLEY. Let me put it another way, then. Could you conceive of the United States authorizing the sale of HAWK missiles and HAWK missile parts and TOW missiles in substantial numbers in order just to begin a geopolitical dialogue with the Iranians?

Mr. POINDEXTER. That is a hypothetical question.

Mr. FOLEY. You answered a hypothetical question last Friday in these terms.

Mr. POINDEXTER. Well, sometimes maybe I don't want to answer a hypothetical question.

Mr. FOLEY. So you don't prefer to answer this one?

Mr. POINDEXTER. No. Let me give you an answer.

The problem that we have tried to discuss earlier in these hearings was that Iran is in a very strategic location that is critical to the security of the free world. It is important that we simply—that we not simply ignore Iran and the coming succession to power in that country. It is important that we have a better understanding of—through intelligence, as to what is happening in the country, what people are thinking, what their hopes and desires are for the future.

I think there is a recognition amongst many Iranian officials that things can't go on the way they have been going on. The economy is in a shambles. They are in a no-win war that Iraq started, and they are grasping for help, and whether or not there had been hostages in Lebanon which we thought the Iranians might have some influence over, I don't know. We might very likely have decided that we needed to open up a channel into the Iranian government.

In fact, the NSDD, that was the draft that was prepared by the NSC staff in early 1985, was specifically oriented toward the strategic objectives on Iran before there was any connection whatsoever with the hostages.

Mr. FOLEY. When was that NSDD issued, do you recall?

Mr. POINDEXTER. It was not issued. That is what I said. A draft NSDD was prepared and distributed to the various departments——

Mr. FOLEY. When was that?

Mr. POINDEXTER. It was in June of 1985. The first approach, I believe, to Mr. McFarlane by the Israelis was in July of 1985.

Mr. FOLEY. But it was 4 years into the administration before you suddenly decided that there was a need to open up a channel?

Mr. POINDEXTER. That isn't true, Mr. Foley.

Mr. FOLEY. Was there an earlier draft or earlier discussions?

Mr. POINDEXTER. There were many, many earlier discussions within the NSC staff and with Director Casey and other Cabinet-level officials about the problem, that we didn't know what was happening in Iran. Iran was important to the United States and it was high time we figured out a way, and there were a lot of efforts that are not directly related to this hearing that were made.

Mr. FOLEY. But it was not until the hostages were taken and the proposal that Iran needed arms made it possible to suggest that sale of arms to Iran might facilitate the release of hostages and the broader purposes you have described?

[Counsel conferring with witness.]

Mr. POINDEXTER. I'm sorry, Mr. Foley. Would you repeat your question?

Mr. FOLEY. But it was not until the American hostages were taken and Iran was said to be in desperate need of military supplies to continue its military operations against Iraq that there was a connection between the sale of arms to Iran and the removal of this first obstacle to improve relations for release of hostages?

Mr. POINDEXTER. I don't think that is an accurate and fair description of our thinking or our objectives. As I have testified before, many times now, the problem was that we saw a strategic problem with Iran, an opportunity presented itself to us to open up a channel into the Iranian Government.

The problem, though, in any sort of endeavor like this, especially after the animosity and damaging relationship that the United States has had with Iran, certainly not due to actions we have taken, but actions that the Iranian Government has taken, there is a lack of confidence on both sides to begin such a dialogue. The confidence-building measure that the United States thought would be effective, and also we believed that the Iranians thought it would be effective, was to sell them a small quantity of defensive—essentially defensive arms. The confidence-building measure on their part was to put pressure on the Hizballah, the Shiah fundamentalist group in Lebanon that actually had the hostages. The Iranian Government was to put pressure on those groups to release the hostages. That would have been their good-faith step.

Mr. FOLEY. So our good faith step was the sale of arms, their good faith step was the release of hostages?

Mr. POINDEXTER. That's correct—no, putting pressure on the Hizballah for them to release the hostages. As it turned out——

Mr. FOLEY. Arranging for release of hostages?

Mr. POINDEXTER. As it turned out, I don't believe that they had the control over the Hizballah that we thought they did in the beginning.

Mr. FOLEY. But we were willing to have the two confidence-building first steps to be the exchange or release of hostages for the sale of defense arms?

[Witness conferring with counsel.]

Mr. POINDEXTER. The tenor of your question would mean that the only thing that we were really interested in were the hostages, and that is simply not the case.

Mr. FOLEY. No. You testified that the confidence-building action on our part was the sale of a small quantity of defensive arms, quote, unquote, and that the confidence-building action on their part was the intervention with the Hizballah to release American hostages; is that correct?

Mr. POINDEXTER. That's correct.

Mr. FOLEY. My question is, we were willing to have the confidence-building mechanisms on the two sides consist of our sale of defensive arms to them and their intercession to release the hostages?

Mr. POINDEXTER. In effect, if you exclude all other aspects of the initiative, it does come down to that. And I think the discussions that have taken place in the press, in the media and in these hearings has tended to ignore the other aspects of the initiative.

You can't just look at a part of a problem in isolation from the rest of it.

Mr. FOLEY. But at that point, in 1986, the initial steps were confidence-building exchanges of arms for hostages; isn't that fair?

Mr. POINDEXTER. I have always said that the first hurdle that we had to get over in carrying on a strategic dialog with the Iranians was to get the hostages back. Otherwise, we wouldn't have any reason to believe that they were operating in good faith.

Mr. FOLEY. You believe that the violation of our stated policy around the world through Operation Staunch and other activities was not seriously damaged by this undertaking?

Mr. POINDEXTER. Absolutely not, Mr. Foley. First of all, our policy was not an arms embargo against Iran. We don't just all of a sudden, out of the blue, decide to embargo arms to Iran.

The policy objective there was an end to the Iran-Iraq war. One of the methods we went about to achieve that policy objective was to try to reduce the flow of arms into Iran. We, frankly, weren't very successful.

As it turns out, Bill Casey and I—before he died—firmly believed that the actions that we had taken with the Iranians, the talks that we had had with them, were responsible for preventing or postponing a major Iranian attack across the border against Iraq.

That doesn't have anything to do with the fact that we provided arms; it had to do with our discussions with the Iranians, explaining to them that we didn't think the Soviets would ever allow them to defeat Iraq and they better rethink their situation.

Now, that is a step toward our objective of ending the Iran-Iraq war. The provision of the small amount of defensive arms was important to get them to listen to us, to listen to our reasoning.

Mr. FOLEY. So if you had it to do over again, you would not have stopped the process of this kind of exchange; is that fair?

Mr. POINDEXTER. If it had not been exposed, the next step was to bring in officials within the State Department in the actual discussions with the Iranians, and who knows where it would have led. As I testified the other day, I think there is still a possibility.

Mr. FOLEY. The problem was in the exposure, not in the policy?

Mr. POINDEXTER. That's correct.

Mr. FOLEY. I will reserve the balance of my time.

Chairman HAMILTON. Did the gentleman reserve the balance of his time? The gentleman reserves 15 minutes.

We move now to the 15-minute rule.

The Chair recognizes the chairman of the Senate Select Committee.

Chairman INOUYE. I am pleased to recognize the gentleman from Maryland, Senator Sarbanes.

Mr. SARBANES. Thank you, Mr. Chairman.

Admiral Poindexter, how did it come about that you went to work at the National Security Council—that was in June of 1981?

Mr. POINDEXTER. Yes, in June of 1981.

Mr. SARBANES. How did that happen?

Mr. POINDEXTER. Mr. Richard Allen, who was the National Security Adviser at the time, became acquainted with me through his deputy at the time, who was retired Admiral Bud Nance, who had worked with Mr. Allen during the Presidential campaign in 1980.

Mr. SARBANES. Were you the highest ranking military officer on the National Security Council staff?

Mr. POINDEXTER. Yes, I was. I was the highest ranking military officer in the White House.

Mr. SARBANES. Did that remain the case throughout your 4½ years in the White House?

Mr. POINDEXTER. It did.

Mr. SARBANES. Now, when did you first learn about the arms shipments to Iran?

Mr. POINDEXTER. With hindsight, and going over all of the exhibits and the information that has been provided to me within the past few months, it appears that I was aware of arms shipments probably shortly after the release of the first hostage.

It may have been shortly before that, but in that time frame.

Mr. SARBANES. So that would have been in the fall of 1985?

Mr. POINDEXTER. Late—probably late summer of 1985.

Mr. SARBANES. And then were you aware of each subsequent shipment of arms to Iran?

Mr. POINDEXTER. Yes, I was.

Mr. SARBANES. Including the very significant shipments that were made directly by the United States through the Secord operation in 1986?

Mr. POINDEXTER. Yes, that is correct.

Mr. SARBANES. Would you turn to exhibit 65, please? This is a transcript of the press conference you did with "Meet the Press" on November 16th of 1986, I think some 9 days before you submitted your resignation.

On the last page of that—on the last page of that transcript, right in the middle, you state, "The only shipments that the U.S. Government authorized were those that the President described the other night, which taken in toto would fill a single cargo air-

craft. That is the extent of the U.S. involvement with Iran on this issue."

Mr. BECKLER. Mr. Sarbanes, if we may, I think to give a fair impression, I would like to have the previous question and answer read as well as the next question that comes out with the full answer.

Mr. SARBANES. Fine. The admiral can use it in his response. But the question I want to put to you, that was out-and-out false, was it not?

Mr. POINDEXTER. No, I don't think so. Let me read the preceding question and answer.

Mr. BECKLER. The questioning is by Andrea Mitchell.

Mr. POINDEXTER. The question is, "Admiral, can I just clear up one fact about the kinds of weapons. The Defense Minister, the Israeli Defense Minister, Mr. Rabin, has said that nothing was sent by Israel, no American weapons that were not directly approved by the United States. Is that true?"

I answered, "I don't care to answer that question in public. Our relations with all of the third countries that may or may not have been involved in this should be private."

Question, "Can you at least deny the reports that have come to us from very authoritative sources in Israel that they did ship offensive arms parts for jet fighters?"

My answer, "The point that the President has made and that I have made before on this issue is that the only shipments that the U.S. Government authorized were those that the President described the other night, which taken in toto would fill a single cargo aircraft. That is the extent of the U.S. involvement with Iran on this issue."

Now, the point here is that there were all sorts of rumors floating around out there about shiploads of arms from Israel to Iran, the business about parts for jet fighters had been a longstanding speculation.

I have some personal views on that, but we, frankly, have very little concrete evidence. The point about the 2,008 TOWs and the 240 spare parts for the HAWK missile system, we wanted to get across the point that the amount of arms that were sold to Iran under this project was a very small amount. When we got into this issue in early November, I asked Colonel North to estimate in some way that the public would understand what the volume would be.

We wanted to get away from this idea that there were shiploads of arms being provided to Iran. And he came back to me after talking to General Secord and said that the cubic volume of the 2,008 TOWs and the 240 HAWK missile parts would fit in a C-5 aircraft.

Now, I didn't sit down and do the calculations.

Now, on the 16th of November, which is the date of this meeting or of this appearance on "Meet the Press", I personally had forgotten about the HAWK missiles. Now, even taking—and I am not quite sure, because I simply haven't talked to Colonel North—I don't know how they took the HAWK missiles into account.

But in my mind, the statement is still reasonably accurate from the standpoint of trying to describe the small volume of weapons that were provided to Iran, because after all, the 18 HAWK missiles, although they were transferred, they came right back and so

those HAWK missile had nothing to do and didn't have any impact on the war effort.

Mr. SARBANES. So you continued to take the position that the extent of the U.S. involvement with Iran on this issue in terms of the shipment of arms were arms in the quantity that they would have fitted in a single-cargo aircraft; is that correct?

Mr. POINDEXTER. That characterization was meant to describe 2008 TOW missiles and 240 HAWK missile parts—HAWK missile battery parts.

Mr. SARBANES. In other words, it was not meant to describe all of the arms that had been sent?

Mr. POINDEXTER. Well, as I have testified, on the 16th of November, 1986, I did not recall the episode with the HAWK missiles in November.

With hindsight, even taking them into account, it seems to me that that is still effectively an accurate answer in that the 18 HAWK missiles, although they were delivered to Iran, they were also taken out of Iran. So the net of all of that is 2008 TOW missiles and 240 HAWK missile battery parts.

Mr. SARBANES. Now, you knew about the diversion that took place of the proceeds of the Iranian arms sale to support the Contra effort; is that correct?

Mr. POINDEXTER. Yes. I authorized that.

Mr. SARBANES. If you would turn to exhibit 72, this is a press conference that Attorney General Meese had on November 25th, and he was asked, "General Meese, who in the NSC was aware that the extra amount"—this is about in the middle of the page, the third page of the press conference.

Mr. BECKLER. I think we have it here. "General Meese, who in the NSC was aware"——

Mr. SARBANES. Yes. ". . . that this extra amount of money was being transferred to the so-called Contras or under their control? Did Admiral Poindexter specifically know?" Then they go on to ask about others.

And in his response, General Meese said none of us knew.

"When you say that Poindexter knew, do you mean he approved of it?"

"No." This is General Meese responding. "No. Admiral Poindexter knew generally that something of this nature was happening. He did not know the details."

In fact, you knew more than generally, did you not?

Mr. POINDEXTER. Well, I—as I have testified before, Ed Meese did not ask me if I had approved. It was a very short session, informal session in my office, and I told him I was generally aware. He didn't ask me any more questions.

At that point, I didn't provide any more information. And I didn't suggest to Mr. Meese that he say this. You'll have to talk to him about it.

Mr. SARBANES. But on the basis of the actual facts, this is a misleading response by the Attorney General, is it not?

Mr. POINDEXTER. Well, I—again, you will have to ask Mr. Meese to evaluate that. I don't plan to.

Mr. SARBANES. Well, you would not have briefed the Attorney General to give this response on the nature of your involvement, would you?

Mr. POINDEXTER. Say that again.

Mr. SARBANES. You would not have briefed the Attorney General to give this response on the nature of your involvement?

Mr. POINDEXTER. No.

Mr. SARBANES. This is not an accurate reflection of your involvement, is it?

Mr. POINDEXTER. As I have testified, I did not know that Ed Meese was going to go out in the press room for a session until shortly before he was on the air.

Mr. SARBANES. Now, I'm interested to know why the Iranian Findings were treated differently. You, in response to questioning, said, "We handled"—this is on page 56 of your responses on the very first day. "We handled"——

Mr. BECKLER. First day of the public testimony.

Mr. SARBANES. Yes, Counsel.

"We handled this series of three Findings outside of our normal system. We did have a normal process through which most Findings were managed."

In this instance, as I understand it, you held these Findings—not only the November Finding, the retroactive Finding with respect to the transfer of arms to Iran, but also the January Findings were retained in your immediate office; is that correct?

Mr. BECKLER. May we just look at this testimony for a minute, please, Mr. Senator? That's page 56 of the Wednesday morning session or the Wednesday afternoon session?

Mr. SARBANES. Wednesday morning, page 56.

Mr. BECKLER. I'm sorry, but on page 56, I can't find any reference—I'm sorry. Excuse me.

Mr. POINDEXTER. These three Findings, as I have testified, were indeed handled outside of our normal system.

I've also testified that the—what I prefer to call the December, 1985, Finding, it was sent to me in November, but the President didn't actually sign it until——

Mr. SARBANES. December 5?

Mr. POINDEXTER. —early December. That was not properly staffed. And I regret that.

It was a situation where I was being pestered by the Deputy Director of Central Intelligence to get it signed and we simply didn't take the proper steps in staffing that. For example, it would have been good to have discussed that with the Attorney General, which was our standard procedure.

Now, aside from the December Finding, the first draft of the January Finding and the final version, January 17th, in terms of the principals involved—and by that, I mean the President, the Vice President, the Attorney General, Secretary of State, Secretary of Defense, and me—we were all involved in that Finding. Those are the principals—Cabinet officers that are involved with any Finding.

We didn't choose to use our standard administrative procedure because it was a very sensitive operation that we didn't want to leak out. And as I have testified, the way I feel that you stop leaks

in this city is that you limit the number of people that are aware of a secret document.

The problem is that in the normal administrative procedure, if we had followed that, there would probably have been an additional hundred people or so that were aware of the Finding. And I didn't want that to happen.

Mr. SARBANES. Were these the only Findings that were handled in this extraordinary fashion?

Mr. POINDEXTER. Let me think about that a moment. They are the only Findings that I'm aware of that were not eventually briefed to the appropriate Members of Congress. Now, whether we had other Findings that we kept out of the normal administrative process, I'd have to think about that to be sure my answer was accurate.

Mr. SARBANES. But none occurs to you at the moment?

Mr. POINDEXTER. Not right at the moment.

Mr. SARBANES. All right.

Mr. BECKLER. Mr. Chairman, I've kept my part of the bargain by providing Admiral Poindexter up here for closed sessions. We've been up here for 4 days. I notice there is a red light on. I am going to ask that this committee keep its part of the bargain.

Chairman HAMILTON. Counsel, the chair will enforce the time rules. Thank you.

Mr. SARBANES. Mr. Chairman, I have a final question.

Admiral, you've taken the position here that if the President had known about the diversion, he would have approved it. The Chief of Staff, Mr. Baker, has said that the—that Admiral Poindexter's remark is based on no conversation with the President and based on no piece of evidence, and, in fact, the President said in his March press conference that had he known about it, you would have heard him shout all the way down the corridor and through the door.

Now, how are we going to square your position with that of the President, or, to put a more fundamental question, what steps can we take to prevent future National Security Advisers from arrogating unto themselves this authority?

We have an instance here in which you've assumed this authority. You assert that the President would approve it. The President is very clear in saying he would not.

Mr. POINDEXTER. Well, as I have testified before, Senator, I think it was very clear in my mind that I had the authority to approve that action.

Now, one of the reasons that I testified that I decided to approve it was that I felt that the President would have approved it if I had asked him in February of 1986. I still feel that way.

Now, this is a great deal of time later, a lot of things have happened, the circumstances are different; and I, frankly, don't think it's appropriate to speculate now on what the decision would have been at the time given the conditions that existed at the time. The conditions today are different.

Mr. SARBANES. Well, the President says he would not have approved it; is that correct?

Mr. BECKLER. May we finish our response, please, Mr. Senator?

Mr. POINDEXTER. Clearly there is a contradiction. I think that contradiction is going to have to stand.

I have testified what I believed at the time and what I believe today. Now, there can be disagreements about that.

Mr. SARBANES. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Cheney?

Mr. CHENEY. Thank you, Mr. Chairman.

Admiral Poindexter.

Mr. POINDEXTER. Good morning.

Mr. CHENEY. At the outset, I think it is important to recognize your many years of devoted service to the nation. Unfortunately, one of the by-products of this kind of exercise is that a great many people will come to know you only in connection with the controversy surrounding the Iran-Contra affair and not be aware of your years of service as an officer in the U.S. Navy or your many years of service on the NSC staff on behalf of the President.

We have a bit of a tendency in the Congress to act as if we are the fount of all political virtue in this society. Obviously, we are not. We have our share of knaves and fools as well, none on this committee, of course.

But I must admit to a certain amount of ambivalence to all of these proceedings and to the events we are looking at here. I share the view of Mr. Hyde and others that the survival of the Contras, in a form that the Congress could reverse itself and ultimately support them, was absolutely essential and a major achievement.

I personally do not believe the Boland Amendment applied to the President, nor to his immediate staff, nor to the NSC staff. I think it was perfectly acceptable for the President to encourage third countries to contribute to the cause of the Contras.

I have enormous respect for Mr. Boland. I simply don't think much of his amendment, because I believe it did, in fact, provide an opportunity for the Sandinistas to consolidate their position in Nicaragua. It gave them a two-year hiatus during which period of time the lack of official U.S. support served merely to weaken the Contras and to permit the Sandinistas to consolidate the Communist regime in Managua.

Having said all that, I look at the Iranian transaction, and I must admit to being a bit more skeptical about the wisdom of those proceedings.

I think it is understandable why the President took the action he did. I think when you consider the plight of the hostages and especially Mr. Buckley, that there is no question but what they weighed heavily on his mind and were an important consideration in his decision.

I will grant you the argument about the strategic significance of Iran. I think it is clearly there.

What I would like to do, if I might, is ask you to hark back to a meeting last November, shortly after all of these events began to unfold.

My recollection is that the election was on November 4th, that about the 4th or 5th of November was the first disclosure in the press in Lebanon alleging that the U.S. was involved in selling arms to the Ayatollah; is that your recollection?

Mr. POINDEXTER. I believe that's correct.

Mr. CHENEY. Following that, I think I am correct in saying that the first meeting at which Members of Congress were notified or briefed about all of this happened, I think, on November 12, in a meeting in the Situation Room attended by Senator Byrd, Senator Dole, Speaker Wright, and myself. Do you recall that meeting?

Mr. POINDEXTER. Yes. I thought it was on the 13th, but my recollection is that the President was going to give a nationwide speech on the evening of the 13th. I thought we had you down on the afternoon of the 13th. It may have been the 12th.

Mr. CHENEY. 12th or 13th.

I recall present at the meeting also were the President, the Vice President, Attorney General Meese, I believe, Secretary of State Shultz, Secretary Weinberger, Director Casey, Don Regan, the White House Chief of Staff, and yourself.

We met in the Situation Room, and for the first time Members of Congress, the leadership, were offered background information, if you will, or a briefing on these events.

I am curious about the decision to call the meeting, about what the background of the meeting was, and also what the efforts were to prepare for it.

Mr. POINDEXTER. In the early days of November, I guess it would be the period of time from election day or the day after when we began to focus on the problem, from then until the 13th, I believe, the President felt, and I certainly agreed with him and encouraged the position that we continue to withhold as much information as possible about the project because we still felt at that point that we could salvage something out of it.

We thought that there was still an opportunity to get more of the hostages back. We thought that there was still an opportunity to make progress through the second channel into the Iranian Government.

The second channel was—continued to make contact with some of Bill Casey's people on a nearly daily basis. They were trying to explain to us what had happened and trying to get us not to overreact, and because of these considerations the President felt, and I certainly agreed with him—and, as I said, encouraged it—that we continue to withhold as much information as possible.

But, in my view, I think shared by the President, there was overreaction in the press that egged on Members of Congress. In fact, I can recall a conversation with one Member of Congress who had written me about it, and I called him back as soon as I could to talk to him about it, and he frankly wasn't very concerned and said that the only reason that he had made the statement that he had in the press was because the press was putting pressure on him.

Now, as time wore on, this pressure began to build up and it became obvious that—and we knew this from the beginning, but we wanted to hold off as long as we could. But it became obvious that the President needed to go before the American public and explain in broad, general terms what it was we were trying to do.

Before we did that, we obviously wanted to talk to the congressional leadership so they would not be surprised at the content of the President's speech.

Mr. CHENEY. My impression, admiral, admittedly made fuzzy by many months of intervening debate over these issues, is that there was a sequence of events, of public events, which was all we could perceive at the time of the meeting with the four of us, the President's speech, which I believe was the following night, the subsequent press conference a week later, in which, viewed now with the benefit of hindsight, my impression still is that Congress was not given the complete story at that point. That what we saw, in effect, was, as Senator Sarbanes mentioned—we still harked back to the notion that it was only a single planeload of weapons. The President used that phrase in his speech on the 13th, I recall.

And many of us went out in good faith, because our President had, in effect, asked us to, and briefed our constituents, appeared on national television, enthusiastically endorsed the President's policy and tried to defend him, only to find out subsequently that we didn't have the whole story.

And as Mr. Hyde mentioned the other day, that puts a member of Congress in considerable difficulty when he finds himself left hanging on a limb because the story that he's been given by administration officials, and that he's tried to support publicly, turns out not to be true, or at least inaccurate, not complete.

Do you have any concern about that at all?

Mr. POINDEXTER. Well, as I have testified before, it was my plan to continue to withhold the connection with the Contras, and so I readily accept responsibility for that.

But with regard to the rest of the Iranian project, I tried to present to you and the three other congressional leaders in a short period of time the general outline of what it was we were trying to do, and I think that that was accurate, as I recall it now, and as I recalled it at that time.

Again, maybe the use of an aircraft to describe the volume was an unartful way of doing it, but what we were trying to do was to knock down the idea that there were shiploads, very large amounts of all sorts of arms, involved in the project.

And as I recall, in my—in the meeting that you are describing in the Situation Room, we did get into the numbers of weapons that were involved. I don't think—I don't believe that I covered at that time the aborted HAWK transfer, but that was simply not intended to mislead you; it was simply at that point I did not recall that those HAWK missiles had been transferred and then returned.

Mr. CHENEY. Admiral, I am not one of those Members who thinks Congress has to be told everything in advance. I think there are legitimate areas where the President ought to be given some flexibility in that arena. I disagree with some of the members of this committee.

I do believe Congress leaks like a sieve. I think this committee has leaked.

But I also spent a long enough period of time in the Executive Branch to know that it leaked like a sieve, as well. One of our biggest problems, of course, in recent years has been espionage cases. Everything from the Howard case, the CIA official who sold out to the Soviets; the Pelton case, the former NSA official who sold out to the Soviets; the Walker spy case involving the Navy; Mr. Chen,

an agent for the PRC; Mr. Pollard, an agent for the Israeli Government.

And if we are to embark upon a policy that says we are only going to provide information to units of the government that we are sure never leak or haven't been penetrated by the opposition, we obviously would have to start with writing off a big portion of the Executive Branch, as well.

It seems to me that that is not a sufficient rationale for excluding Congress from some of these proceedings.

Mr. POINDEXTER. That, of course, is what we did. We also excluded it from a large part of the Executive Branch, a very large part.

Mr. CHENEY. And it held for a while?

Mr. POINDEXTER. It did.

Mr. CHENEY. There are news reports out today that Colonel North was responsible for briefing *Newsweek* magazine on the *Achille Lauro* incident. Do you know anything about that? Do you have any reason to believe those reports are valid?

Mr. POINDEXTER. Is this—I haven't seen the reference that you are making. I assume that this is the *Newsweek* article that appeared at the time, shortly after the *Achille Lauro?*

Mr. CHENEY. Yes.

Mr. POINDEXTER. I don't have any basis on which to feel that Colonel North provided that information. I don't know.

Mr. CHENEY. OK. Well, I don't want to——

Mr. POINDEXTER. It certainly did not come from me.

Mr. CHENEY. Certainly. I didn't sugest it did, admiral. Nobody has ever accused you of being anything other than close-mouthed. It has been one of your great attributes.

The concern I have is that—I don't mean to moralize about not telling lies. A lot of people who will do that. There have been—there has been plenty of expressions of moral indignation and outrage over some of these events, and I think a lot of it is unjustified and excessive.

The reason for not misleading the Congress is a practical one. It is stupid. It is self-defeating.

Because while it may, in fact, allow you to prevail in the problem of the moment, eventually you destroy the President's credibility. The President's powers are, for the most part, the powers to persuade.

He can't compel anybody to do much of anything. He has to rely upon his capacity to persuade the Congress to support difficult policies, to persuade the public to make difficult decisions, and support difficult policies, and every time actions taken by the President or his subordinates that raises questions about his credibility, it is just that much more difficult the next time around to argue that, in fact, the President is telling the truth, that he has solid information.

I look back at the events of the Reagan administration. I can think of several incidents were the President's credibility was absolutely essential to having the American people understand and support what it was he wanted to do.

I think of the shoot-down of the Korean airliner, the charges the Soviets made that somehow this was an espionage mission. Or the

Grenada operation, where there were charges this was just a willful use of power and there was no justification to take the action that was taken.

The Libyan raid, bombing raid, the Marine deployment in Lebanon, the need to aid the Contras, the level of support that the Soviets provide to the Contras—or to the Sandinistas in Nicaragua and thereby justify our involvement, the attractiveness of a potential arms deal with the Soviet Union—all of these things ultimately from the standpoint of the President and a successful policy depend upon his ability to be able to persuade the Congress and the American people that he understands the problems, that he has looked at it, and that the course of action he has recommended is based, in fact, in a sound policy.

If you go back and find instances where, whether it is the Iranian arms transaction or the alleged diversion of funds to the Contras, where there is a question about his credibility, then it seems to me you have destroyed his effectiveness for the future, or seriously weakened it, made his problems in governing more difficult than they otherwise might be.

Do you have concern about that?

Was that ever subject for a discussion?

Mr. POINDEXTER. Well, in my view I think that the President has remained very credible throughout this whole episode. That, of course, was part of my plan.

That is also why I recognized when I approved the diversion or the transfer of the residual funds to the Contras that if, indeed, that ever did leak out, that I would have to resign, and I was prepared to do that.

You know, I approved it. I accept responsibility for it. And I don't think that the President has lost any credibility because of that. He has said all along that he was unaware.

Indeed, he was unaware. I think with regard to the Iranian project, in his speech that he made to the country, the statements were accurate, in my view. I still feel they were accurate. We weren't telling everything that we knew at that point, and that was very deliberate.

And I, frankly, think, Mr. Cheney, that the American people understand that. I don't think they want to know the secrets of all of the details of the actions that the U.S. Government takes in trying to implement foreign policy and to protect the national security of the United States.

The kinds of responses that I have been getting in telegrams since my appearance, my public appearance here, convinces me that that is the case.

I think the American people understand very well that they don't want to know all of the details.

Mr. CHENEY. Well, admiral, I see my time is up.

I am not suggesting that there is any obligation on the part of the President to tell the American people all the details about sensitive operations. I don't think that is the point.

The point is if the relationship is going to work long term, there have to be a handful of Members of Congress who have enough knowledge about policy to be able to do whatever needs to be done

on the Hill to support and sustain the President's efforts downtown.

My concern is that, as I look at this whole series of events, speaking as a strong partisan of the Contras and, I think, a strong supporter of yours and the President's currently, that is one of the most disturbing aspects of this exercise. That in the effort to win the struggle of the moment, damage may have been done long term.

Now, to the President's credit, I think eventually he got it squared away. He did by very aggressively helping to cooperate, to lay out the facts so we could, in fact, get to the bottom of it, supported the work of the committees, cooperated with us in every instance, appointed the Tower Commission, et cetera.

I think we did eventually clear away the underbrush and I feel good about that. I am concerned that that one particular element of it is vital, and I hope we don't lose sight of it in further deliberations.

Mr. POINDEXTER. I certainly agree with you, Mr. Cheney, that we need to develop a better way. The problem, of course, I think—as you recognize, as you have alluded to—with the environment that has existed in recent history, and may even still exist today, I don't think that it is possible to brief a limited number of Members of Congress and then have them be willing to take the necessary actions to preclude Members that are unaware from asking questions, that then again put the Administration in a very difficult position.

I think there needs to be a greater acceptance of the fact that the President's power under the Constitution makes him the primary architect of foreign policy and the American people have a chance every 4 years to confirm or deny that particular foreign policy, and the President ought to be given an opportunity to carry out that foreign policy that he has campaigned on.

And if there is greater acceptance of that, then I think there will be more willingness to talk to limited numbers of Members of Congress, that Congress decides are the appropriate ones, and then other people in the Congress ought to stay out of the issue. That is my personal view.

Mr. CHENEY. I have used up my time.

Thank you, admiral.

Chairman HAMILTON. The committees will take a 10-minute recess.

[Recess.]

Chairman HAMILTON. The Select Committees will come to order.

The Chair recognizes the Senator from New Hampshire.

Mr. RUDMAN. Mr. Chairman, I recognize Senator Cohen of Maine for his allotted time, and I want the record to show that I believe I have 8 minutes left and I reserved it and now yield 7 minutes of that to my friend from Maine.

Mr. COHEN. I thank the Senator form New Hampshire. Admiral Poindexter, were there other covert operations that the NSC was operationally involved in other than this particular one during your tenure as adviser or while you served under Bud McFarlane?

Mr. POINDEXTER. Yes, there were.

Mr. COHEN. Would you be prepared in executive session to advise the committee as to the nature and extent of those operations?

Mr. POINDEXTER. Yes, I think so. I would want to I think first check—have my counsel check with the White House and make sure they didn't have a problem with it.

Mr. COHEN. You indicated during your first day that on one or two occasions there were one or two Presidential Findings that were retroactive in nature, and I want you to know that I have checked with the Senate Intelligence Committee and the committee has never received a single Finding that purported to authorize covert activities that have already taken place, which leads to one of two conclusions.

Number one, either they were never reported to the Congress, or number two, they did not indicate the retroactive nature that the activities actually had taken place prior to their signing.

I was wondering if you could shed any light on those one or two occasions.

Mr. POINDEXTER. Senator, I think as you know, the precise Finding is not usually provided outside of the Executive Branch. There is a paper that is called an advisory, I believe is the term that we use now, that summarizes the activity.

My recollection is still that there were one or two previous Findings that had a retroactive feature. My recollection is that the actions that were to be included in this retroactive way were not very significant, but in my view it was an overabundance of caution on the part of some people at CIA that insisted that such a sentence be included. I don't know whether that was briefed to the Congress or not.

Mr. COHEN. Perhaps we could discuss that also during the executive session.

You also indicated during your first day that if the President had made a decision that you would expect Secretary——

Mr. BECKLER. The admiral just asked me appropriately is there going to be an executive session?

Chairman HAMILTON. The Chair has not had a request for an Executive Session at this point, counsel. We did that with Colonel North at one point and if it is appropriate, we will go into executive session.

Mr. BECKLER. I point out as I have stated many times that this is our eighth day of testimony. We had 4 days of executive session, that is 4 days of private session in which if there were concerns that people wanted to have discussed and done in private that would have been a perfect opportunity to do so.

Chairman HAMILTON. Senator Cohen.

Mr. COHEN. I was not part of the executive session at which depositions were taken. Secondly, as Vice Chairman of the Intelligence Committee, I think it is important that I have an opportunity to find out what other covert activities the NSC was involved in without our knowledge, and what other retroactive Findings may have been signed with no communication of that to the Intelligence Committees.

Now, I think the appropriate forum is not here, but in some private session with the Chairman and Vice Chairman of the House

and Senate Intelligence Committees. And I will move on to another question.

Chairman HAMILTON. I will try to accommodate the Senator on that. You may proceed, sir, and I will not take this discussion out of your time.

Mr. COHEN. Admiral Poindexter, you indicated that if the President had made a decision on a policy issue that Secretaries Shultz and Weinberger would accept it and faithfully go about carrying out that policy to the best of their ability. And the question arose in my mind that as to whether you meant that if either gentleman was called to testify before the Intelligence or Foreign Relations Committee, you would expect them to withhold information in the same fashion that the information was withheld from Congressman Hamilton and others?

Mr. POINDEXTER. We never had a discussion that would allow me to answer your question. There was never any intent to put Secretary Shultz or Secretary Weinberger in a position where they would be vulnerable to being asked about that.

Mr. COHEN. I would hope that would not be the case if it occurs. I would not want to see Congress put in the position of having to put Cabinet officers under oath and demanding that they answer questions under oath. That occurred one time during the Carter administration and Senator Nunn may recall that we had to put the entire Joint Chiefs of Staff under oath before the Armed Services Committee, because we were not satisfied the straight story was being told, and we did it for their protection. I think it is a bad policy, and I hope we don't have to do it again in the future.

I was curious about your chartacterization of the diversion as a technical implementation of a policy that had already been decided by the President as a sort of a procedural bagatelle almost, or bookkeeping entry. I was confused about it. The President, as I understand it, authorized the sale of weapons to Iran—that is policy number one.

The President also was determined to keep the Contras alive, hold their heart and soul together—body and soul together—through assistance from third countries and individuals, and he knew about some of the third countries who were helping.

So I was curious as to why you consider the diversion of funds to be so politically embarrassing that you felt that you should not tell him?

Mr. POINDEXTER. Senator, there are a large number of Members of Congress that do not agree with the President's policy with regard to Contras and Nicaragua and Central America. I felt that if this became known, that something like what has happened would happen.

I frankly didn't think it would be quite that severe, but I was convinced it would happen, and, therefore, it was going to be a politically explosive issue that the President's opponents would take advantage of to cause as much problem for him as possible.

Mr. COHEN. You didn't regard it simply as a procedural technicality, did you? Didn't you think this was fairly substantive?

Mr. POINDEXTER. No, I frankly didn't. In view of the amount of money that had come in from third countries and from other pri-

vate sources, in the whole scheme of things, this frankly didn't seem all that much different to me.

Mr. COHEN. In other words, you didn't feel it amounted to such a significant policy that you would want to inquire of the Attorney General whether or not the raising of prices in this mechanism and to divert the surplus to the Contras was legal or appropriate—that didn't occur to you?

Mr. POINDEXTER. It did not occur to me to talk to the Attorney General about it.

Mr. COHEN. Or the White House Counsel?

Mr. POINDEXTER. No.

Mr. COHEN. Could you tell us—I am curious about the circumstances under which Colonel North told you about the diversion. Apparently that occurred some time during February. Could you tell us a bit more about where you were, what time of day, evening, what were the circumstances under which he brought this to your attention, what your reaction was, how long you thought about it, did you think about it over night?

You discussed it in perhaps one sentence, something of this political significance, and we have had only one small sentence about it.

Could you tell us the circumstances under which this occurred?

Mr. POINDEXTER. Yes, I will.

My recollection, as I said, it was some time in February of 1986. I was in my office, probably it was in the afternoon. My mornings were pretty well taken up with a fixed schedule. My recollection, I was sitting at my desk, Colonel North came in, provided me an oral debrief of his most recent meetings with the Iranian officials, gave me a general update on the Iranian project, and at the end of the conversation, my recollection is that he said that he thought that he had figured out a way to transfer residual funds from the arms sales that Dick Secord was making to the Contras.

My impression at the time, not necessarily because of anything that he said, but my impression as I recall was that this was Colonel North's idea. I thought about it for several minutes while he was standing there.

My mood at the time was one of feeling that we were going to be able to convince the Congress to appropriate the hundred million dollars that either the President had requested or was about to request.

But the administration had decided on a hundred million and our general tactic in getting it, we were bound and determined this time not to compromise. We either would get the hundred million dollars or we wouldn't. But I frankly was personally convinced that we would be able to get the hundred million dollars, but I knew it was going to take time.

I didn't know it was going to take 8 months.

Mr. COHEN. Did you have any further discussions with Colonel North from the time he told you about the diversion—did you discuss it?

Mr. POINDEXTER. No. To finish this meeting, after thinking about it and thinking about what authority I had, what the President would do if he were asked, the controversies that would exist if this became public, I considered all these factors and at the end of the

conversation I told Colonel North to go ahead because I thought it was a good idea.

In my view, it was legal, it was very similar to the third country and private support for the Contras, and in my view was an added benefit of the Iranian project.

Colonel North left the office and we had periodic conversations about it just as to how it was going after that, but there was never any question in his mind or mine after that point that we were going ahead with it.

Mr. COHEN. I think you indicated that you did not want Colonel North to talk to Director Casey about the Contra activities so that Director Casey wouldn't have to report to Congress; is that correct?

Mr. POINDEXTER. That is correct.

Mr. COHEN. And you are aware that Colonel North did in fact discuss this on many occasions with Director Casey?

Mr. POINDEXTER. I heard his testimony.

Mr. COHEN. You also told Colonel North not to tell anyone about the diversion plans, and you are aware that Director Casey was made aware of this almost from the very beginning?

Mr. POINDEXTER. Again, I heard Colonel North's testimony, yes.

Mr. COHEN. You also told Colonel North it was unwise to keep cash in the safe. Did you determine whether or not he had ever returned the cash?

Mr. POINDEXTER. My recollection is some weeks after he told me that or after I told him that I didn't think it was a good idea because of the perception problems that it created, my recollection is that he informed me that he had gotten rid of it.

Mr. COHEN. Did that apply to traveler's checks as well?

Mr. POINDEXTER. There was no distinction in my conversation with him between cash and traveler's checks. I would have considered them the same.

Mr. COHEN. Colonel North sent you a PROF note in October, 1986, indicating that he had called the President of Costa Rica to explain that if he went ahead and called a press conference disclosing the existence of the airstrip, there would be some retaliation taken against Costa Rica.

You responded at that time that you did the right thing, but let's try to keep it quiet.

The question I have is, do you believe it is the right thing for an NSC staff member to call the head of state of a friendly country and seek to intimidate or threaten political and economic retaliation in the event that he went forward and called a press conference?

Mr. POINDEXTER. As I recall, from my preparations for these hearings, that PROF note goes on and says several other things, that there had been conversations with Assistant Secretary Abrams and with Ambassador Tambs.

Mr. COHEN. The question I have is, is it the right thing for someone on your staff to call the head of state of another country?

Mr. POINDEXTER. I think it depends on the circumstances, Senator. It depends upon the country. It depends upon who the leader is. It depends upon what sort of acquaintance the staff officer has. It depends on a lot of things.

Mr. COHEN. In any event, you now know the call was never placed? Well, I will represent to you——

Mr. POINDEXTER. Yes. I don't know that.

Mr. COHEN. —Colonel North indicated that he did not place that call.

Did there come a time in July of 1986 when you came to suspect that Colonel North was leaking information to the press and that he had lost his objectivity in formulating policy issues for you and the President?

Mr. POINDEXTER. Do you have a reference for that?

Mr. COHEN. Well, I do. It is in the Tower Commission. B–125. Basically it is a PROF note to you from Colonel North which indicates that he regrets very deeply that he had now become a suspect of leaks to CBS, *Newsweek* magazine, that even a luncheon with his sister the prior day had been considered to be—had been questioned as to whether he had in fact done this, but he went on to say that "I'm sorry that you regret that I've become too passionately involved—that can't give objective advice."

Do you recall that memo?

Mr. POINDEXTER. I vaguely recall that memo, but let me put that in perspective.

I have never felt that Colonel North made any leaks to the press. The whole episode came about because of the fact that I wanted to lower Colonel North's profile on the Contra support activity and his operational roles in general. And I recognized by July, we had finally gotten the Senate to approve the $100 million; the House had. There were some discrepancies or differences between the two bills at that point, and so we didn't actually have the authorization or appropriation, but I knew that we would shortly. And as CIA phased back into the Contra operation, Colonel North I wanted to phase out.

It became public that he was going to be phased out, and I frankly was getting a lot of static from Colonel North's supporters here on the Hill as to why I was trying to take him out of the program. And I think Ollie misunderstood what I was trying to do.

Mr. COHEN. He remained on the program?

Mr. POINDEXTER. He did.

Mr. COHEN. Right.

Admiral Poindexter, I want to make a couple of observations. I think when you first appeared before the committee your attorney wanted to shut the television cameras off. I am glad we rejected his request, as we did with Colonel North, because I think it is important that millions of Americans have had a chance to view you and assess who you are, and found you to be a dedicated and patriotic individual who believed he was acting in the best interests of his country.

But I must tell you, I think your calm demeanor and delivery have struck a number of people as sort of summer lightning, just sort of an innocuous illumination. But some of your words have had a profound impact upon me, and I want to just discuss it briefly because I think the use of language is as important in politics as it is in literature, because it helps define what our values are.

I must tell you, I find it troubling when you say that I withheld information from Congress but I did not mislead it, or that the ad-

ministration support for the Contras was secret activity but not covert action, or that the United States acquiesced in the initial shipment of TOW weapons but did not authorize it, or that the transfers of funds for the sale of weapons was a technical implementation, not a substantive decision, and that we did not trade arms for hostages even though Mr. Hakim and General Secord arrived at a formula of one-and-a-half hostages for 500 TOWs.

I think Congressman Courter noted this in his opening statement the first day when he pointed out that last year we swapped an American journalist, Mr. Daniloff, for a Soviet spy, Mr. Zakharov, but we publicly denied that there was a trade.

I would respectfully suggest that if the administration would like to regain the strong support of the American people—and I hope that it will—that it has to stop insulting their intelligence and tell them the direct, unvarnished truth.

I would point out, for example, that Colonel North, when asked about his statements, he said, "I lied. I lied to protect lives." People may not like the fact that he lied, but I think they now understand, perhaps a bit better, what motivated him to do so.

Secondly, I think it is clear—at least to me it is—that there is an environment in the White House that nurtured suspicion and distrust of virtually everyone in and outside of the administration, and that a circle of secrecy was drawn so tightly that at one point you felt only you and Colonel North had knowledge about the diversion of funds.

I want to say publicly that I believe that Congress has had a role in the creation of this distrust. I think as Congressman Cheney and Congressman Hyde have noted on several occasions, we live in a glass house on Capitol Hill, and we must take care before we pick up stones.

I want to say also that our record in keeping the Nation's secrets is not as good as we would like to have it, but it is far better than you and others have portrayed it. And I might add, far better than the administration's own record in keeping those secrets.

Some of us have watched with considerable dismay and frustration the administration officials who either have deliberately or inadvertently leaked classified information to the public, and our response has not been "that's it, no more covert operations," because I think we all recognize they are necessary to promote our interests and protect our security.

But by the same token, when Members of Congress either deliberately or inadvertently disclose secrets, the administration can't say "that's it, no more notice, timely or otherwise. Let's get a private band of black bag specialists who will be unaccountable to anyone except the President, if we decide to tell the President."

I think the answer is for Congress to expose those Members who leak information, remove them from their positions of trust, and fully apply the rule of law to them. And the answer for the administration is to faithfully comply with the law and not disingenuously defy it.

Briefing four people or eight people on Capitol Hill is not the equivalent of telling all of our details of our secrets to the American people.

And the final point, if I can Mr. Chairman, I think a great deal has been said about the strategic location of Iran. We don't have the maps on the walls today. But Congressman Hyde, I think very effectively and properly pointed out the strategic location of Iran. And no one, in this—on this committee or in this Congress or the country would deny its importance.

But I would like to suggest that the most important piece of strategic geography in the free world runs from 1600 Pennsylvania Avenue to Capitol Hill. And I know that a lot of visitors have been surprised to see all the barricades that have been erected down at the White House and up on the Hill. I think that these stone barricades are not only safeguards for all of us, but they are also symbols of the dangerous times in which we live.

But I think we have been for too long now—at least the last several years, perhaps longer—been engaged in constructing an imaginary Maginot Line across Constitution Avenue and it has come at an infinite cost to our national interest, because if we continue to lie to each other, or withhold information, or leak information, alter or shred documents or put them in burn bags, if we continue to interrupt the flow of truth and trust between the 16 blocks that separate us, I think the loss of Persian Gulf oil is going to become irrelevant. Because we will enter into a permanent state of guerrilla warfare and the damage that we will inflict upon ourselves will be as suicidal, I think, and destructive as that that has taken place in the Middle East.

Somewhere between lives and lies, between compliance and defiance, there is a place for the truth, for national security, and for the bipartisan formulation of a foreign policy.

And I must say, Mr. Chairman, if we care to keep this Republic, I don't think we have very much time to find it.

Thank you very much.

Chairman HAMILTON. Mr. Fascell.

Mr. FASCELL. Thank you, Mr. Chairman.

Admiral, I wonder if I can get Mr.Hyde to slide to the right?

Mr. HYDE. This way?

Mr. FASCELL. Shouldn't be too difficult, Henry.

Mr. HYDE. Which way is left? Shall I just leave?

Mr. FASCELL. Well, you could slump.

Mr. HYDE. I will go to sleep, Dante.

Mr. FASCELL. I will do my best to wake you up, Henry.

Admiral, nice to see you again.

Mr. POINDEXTER. Thank you.

Mr. FASCELL. I would like for you and your counsel to refer to exhibit 112 for a minute, please.

That is a memorandum from Walt Raymond to you.

And the memorandum recommends that you send an attached draft memorandum which was prepared by Walt Raymond to Bill Casey and it ran through the NSC, as you can see by the initials of approval, intelligence section, North's desk, and some others.

Mr. BECKLER. This is an exhibit we just got this morning. We have to take a few minutes to look through this, Mr. Chairman.

Mr. FASCELL. Sure. Go ahead.

The subject matter of that memorandum is Central American diplomacy.

Mr. POINDEXTER. Public diplomacy.

Mr. FASCELL. Public diplomacy, right.

Mr. POINDEXTER. Which I would like to explain.

Mr. FASCELL. Just concentrate on the second paragraph of the first page.

Mr. BECKLER. You are speaking now, when you say the second page, that marked 58 5840?

Mr. FASCELL. That is the draft memorandum, yes. You see that language that says, "The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office, LPD, has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a diminution of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC."

Do you have that section?

Mr. POINDEXTER. Yes. I have it.

Mr. FASCELL. Is that a correct statement?

Mr. POINDEXTER. I think that it is reasonably accurate. I think it is important to explain what we were trying to do here with public diplomacy.

Mr. FASCELL. You were trying to educate the American people and lobby Congress, right?

Mr. POINDEXTER. We were trying to educate the American people. And, in effect, the result of that we thought was to make sure that Members of Congress heard from their constituents on what they felt about Central America.

The problem is that for a very long time we have been involved with a war of words with the Soviet Union and their proxies. It was my feeling, fully supported by Mr. Raymond, who was the Director of the Public Diplomacy Office at the NSC, which by the way was established under this administration in order to provide leadership and guidance and management of a more extensive public diplomacy effort across-the-board to explain to the American people the situation in this struggle we have with the Soviet Union over the minds of the people of the world.

Mr. FASCELL. I think that has been made plenty clear. The point I was getting at is Colonel North was tasked with this effort, was he not?

Mr. POINDEXTER. Walt Raymond was tasked with the effort of supervising public diplomacy across-the-board, and, of course, on Latin America, which would have been part of that, he would have gotten a lot of assistance from Colonel North, who was the expert in the area.

Mr. FASCELL. Admiral, would you take a look at exhibit 111? That is your calendar. January 9, 1986, you look down there at 5:00 p.m., "Roy Godson: says there may be an attack on you in the press soon; 3344 'til 6:00 p.m." Something has been redacted. "Home—also wants to talk about how to handle accounts."

Mr. POINDEXTER. I know Mr. Godson. I don't know what that note is referring to. It would have been January 9, 1986, was shortly after I took over. There were some critical reports in the press at

the time about my appointment but I don't remember any details about it.

Mr. FASCELL. And you don't know what the reference to "accounts" is?

Mr. POINDEXTER. I think that my—I don't know for sure, but my judgment at this time would be that Mr. Godson was working on several projects, and we often referred to projects as accounts. I suppose he wanted to talk about that.

Mr. FASCELL. Did you know that Colonel North had asked Godson to see what he could do about raising some money?

Mr. POINDEXTER. I don't—the word "accounts" there could also apply to press accounts. I simply don't recall the conversation. What this is, it is a list of phone calls that I have received that was kept by my secretary, and I frankly don't recall talking to Mr. Godson about it.

So I am not sure what he had in mind or what my secretary meant.

Mr. FASCELL. Admiral, you testified that you first learned about excess funds in a discussion with Colonel North. You made a decision on the use of the funds as legal based on North's debriefing of you.

I believe you said "persuasive conversation."

Did you ever consider or discuss with anyone that the funds generated by the sale of U.S. arms, no matter how laundered, would always be considered as public money?

Mr. POINDEXTER. No. That did not enter into the equation at the time. In fact, I am not convinced today, and I think there are many legal experts that have questions as to whether your interpretation of that is correct.

Mr. FASCELL. Well, the point is it was never considered or discussed by you with anyone?

Mr. POINDEXTER. No. That's correct.

Mr. FASCELL. Was there any discussion with respect to how to use excess funds prior to the time that North told you that there would be excess funds, or that they would be used to support the Contras?

Mr. POINDEXTER. The conversation that I have just recalled for Senator Cohen a little bit ago was the first recollection I have of any thought of using residuals out of the Iranian project to support the Contras.

Mr. FASCELL. Now, you testified in answer to Mr. Foley that you'd never really received an accounting or a report on the amount of money that was raised, and also that you never really got an accounting or report on aid that actually went to the Contras, and that you left all of that to North, as I understand your testimony.

And so you had no way of measuring or determining the attainment of your objectives, because that was all in North's hands; am I correct?

Mr. POINDEXTER. That's correct. The thing that I was interested in—that they were getting supplies and they were surviving as an effective fighting force in country and in the surrounding countries.

Mr. FASCELL. So there was no review or accountability either with regard to funds or with regard to attainment of objective, except in the brain of Colonel North, unless you knew that he was telling Bill Casey?

Mr. POINDEXTER. Mr. Fascell, as I said, I was unaware that Director Casey was in on this. But I think—you know, this business about accountability, it bothers me.

Mr. FASCELL. I didn't mean it in the sense of accounting for every dollar. But——

Mr. POINDEXTER. No. But even in general terms, I take exception to the claim that there is no accountability. Colonel North is a very competent, trustworthy officer.

Mr. FASCELL. I am sure of that. I wasn't raising that question.

Mr. POINDEXTER. And General Secord is, too.

Mr. FASCELL. Well, we are still trying to figure out his books. At least I am.

Mr. POINDEXTER. Well, my feeling is they are both trustworthy people who exercised good judgment and I frankly think that much of the accounting that goes on to provide accountability starts with the premise that people aren't trusted, and in this case I trusted both of these officers implicitly.

Mr. FASCELL. Well, I'd have to disagree with that with regard to government accountability or any kind of accountability, but that's neither here nor there.

Now, according to Colonel North, he and Director Casey discussed the question of who was to be the fall guy and Casey said, according to North, that he was not big enough, not a big enough fish or words to that effect, and that, as I recall his testimony, he didn't bother to tell you about that discussion.

Did you ever ask Colonel North to be the fall guy or take the spear or stand on his head and salute?

Mr. POINDEXTER. Colonel North would do anything I asked him, but I did not ask him to be the fall guy, or the scapegoat, as I have testified.

He brought that up with me several times, and each time he brought it up I told him it wasn't necessary, it wouldn't work, wouldn't be appropriate, and to quit thinking in those terms.

Mr. FASCELL. Do you know if anyone else ever asked Colonel North to be the fall guy?

Mr. POINDEXTER. I don't know that.

Mr. FASCELL. Well, I wonder why it ever came up in discussions.

Did you ever discuss with anyone the question of whether you were to provide plausible deniability or whether or not you were to take the spear?

Mr. POINDEXTER. I did not.

Mr. FASCELL. Well——

Mr. POINDEXTER. That was a personal decision on my part when I made the decision in February of 1986.

Mr. FASCELL. I believe that, admiral. I don't like it, but I believe it.

Colonel North testified——

Mr. BECKLER. Thank you.

Mr. FASCELL. —he would follow you up a hill because he had such a high regard for you, but obviously he wasn't about to follow you down the hill.

He testified and you corroborated that he was operating totally under your orders, so both of you knew all the time that he would never have to take the spear and that you would; is that correct?

Mr. POINDEXTER. That both of us understood that?

Mr. FASCELL. Yes.

Mr. POINDEXTER. Certainly it—as I have testified, he would have no reason to believe from anything I said that I was asking him to be the scapegoat.

I didn't tell him that my personal decision was not to tell the President, that I would take responsibility for it, because I thought I had the authority to do it.

And I expected after both of us left the White House in November of 1986 that Colonel North would tell the story exactly as it was, as I think he tried to do, and as I am trying to do.

So I don't consider that he wouldn't follow me down the other side of the hill. I think he would, and I think he has.

Mr. FASCELL. Did the NSC have a contract with General Secord?

Mr. POINDEXTER. Not to my knowledge.

Mr. FASCELL. Do you know if the CIA had a contract with General Secord?

Mr. POINDEXTER. I don't believe they did, but I'm not absolutely certain of that.

Mr. FASCELL. Do you know how and when and under what condition the arms that went to Iran were removed from the U.S. arms depot?

Mr. POINDEXTER. I don't know the details of how those—the logistics actually operated. I do know that there was liaison between the logistics people at CIA, the logistics people in the Defense Department, that when the appropriate moneys were available to pay the Defense Department's asking price for the weapons, that that money was transferred. But I wasn't aware of the details.

I knew that it was being transferred and that—I knew that General Secord or his organization would take custody at a remote location that is controlled by the CIA and that he would then take responsibility for moving the material on to its eventual destination.

Mr. FASCELL. Thank you, admiral. I see my time is up. I have a lot of questions about damage control meetings I would like to ask you about, but I'll have to let somebody else do that.

Chairman HAMILTON. Senator Inouye.

Chairman INOUYE. Senator Trible?

Mr. TRIBLE. Thank you, Mr. Chairman.

Admiral Poindexter, good morning.

Mr. POINDEXTER. Good morning.

Mr. TRIBLE. Admiral, I want to talk first about the enterprise managed and directed by Mr. Hakim and Mr. Secord.

You have testified that all the profits from that enterprise were to go to the Contras; is that correct?

Mr. POINDEXTER. My understanding was that the—what residuals there might be out of the Iranian project would go to support of the Contras.

Mr. TRIBLE. In fact, that was the clear reason for your authorizing that activity in the first place? You wanted to help the Contras; correct?

Mr. POINDEXTER. Yes. I assume that you are talking about authorization of the transfer of funds, not the authorization for the Iranian project?

Mr. TRIBLE. Exactly.

Mr. POINDEXTER. OK.

Mr. TRIBLE. Correct?

Mr. POINDEXTER. That is correct.

Mr. TRIBLE. Your purpose in authorizing the diversion of funds from the sale of arms to the—from the sale of arms to Iran to the Contras was to help the Contras? It wasn't to generate profits?

Mr. POINDEXTER. That is correct.

Mr. TRIBLE. And it is a fact is it not——

Mr. POINDEXTER. And I don't know, you now, what profits if any were generated.

Mr. TRIBLE. We are going to move on to that, admiral. It is a fact, is it not, that during these activities, that at no time did you assume that moneys were being made, that there was personal profit?

Mr. POINDEXTER. As I have testified earlier, I think I was conscious of the fact that there would probably have to be some compensation here. There would be costs involved, salaries that would have to be paid, and so forth. But I did not think about it in terms of large profits.

Mr. TRIBLE. It is a fact, is it not, admiral, that Colonel North was always telling you that Secord was losing money?

Mr. POINDEXTER. Colonel North and others.

Mr. TRIBLE. That is a fact, is it not?

Mr. POINDEXTER. Yes. That is correct.

Mr. TRIBLE. Now, isn't it a fact as well that Colonel North asked you to intervene with the CIA to help Secord and company sell their material to the CIA?

Mr. POINDEXTER. There were some PROF notes that covered that subject, and I think you have them as exhibits.

Mr. TRIBLE. Is the answer yes or no, admiral?

Mr. POINDEXTER. He did want me to talk to Director Casey. There were several aspects of this.

Number one, he thought that it as not prudent or efficient for the CIA to completely build a new logistics operation from scratch; that there would be precious time lost in getting the supplies flowing to the Contras out of the hundred million dollars, and they could take over an existing operation and be on line much more quickly.

I also, in preparing for these hearings, I note that there were apparently requests made to General Secord to provide some food after the humanitarian aid ran out, and I believe the PROF notes that General Secord did not have a source for that.

My recollection is that when I eventually spoke to the CIA, I don't believe I spoke to Director Casey. I think it was Mr. Gates. And I simply indicated to him that there was an effective private logistics operation and that they ought to look into the possibilities of taking that over and didn't get into the details with Mr. Gates,

whether it would be purchased or given or what sort of arrangements might be worked out.

Mr. TRIBLE. So in response to my question, a request was made by Colonel North that you talk to the CIA and you did talk to the CIA?

Mr. POINDEXTER. Yes, that is correct.

Mr. TRIBLE. What was your response when you first learned that Hakim and Secord had amassed some $8 million in the bank in their own name when the venture ended?

Mr. POINDEXTER. Well, that obviously became—I became aware of that in preparation for these hearings, and I don't care to give my personal reaction.

Mr. TRIBLE. Colonel North was shocked. You don't have a response——

Mr. POINDEXTER. I frankly don't know enough of the facts, Senator Cohen—Trible, excuse me. You know, I would want to talk to—well he sits right over your shoulder—I would want to talk to Dick Secord and Hakim. They were testifying here under difficult circumstances, and I am not prepared to draw any conclusions.

Mr. TRIBLE. All right, sir.

Mr. POINDEXTER. I understand there are some uncertainties and there are possible discrepancies, but I am not going to pass judgment on them.

Mr. TRIBLE. Let me tell you something about which there is no uncertainty. Mr. Hakim's records, the official records of the Enterprise, established that Mr. Hakim and Mr. Secord transferred over a quarter of a million dollars of those residuals for their own benefit, investing those moneys in an arms company and a timber operation in the Northwest. Did you approve those kinds of actions? Were those actions contemplated by you when you approved the diversion?

Mr. POINDEXTER. Those actions or alleged actions never came to my attention so I was completely unaware of them.

Mr. TRIBLE. Would you have authorized that kind of activity?

Mr. POINDEXTER. It depends on what is appropriate compensation. General Secord, the rest of his business, I was told by a third party, in fact a foreign representative that had done business with him, that because he was spending so much time in helping us, that he was not attending to his business, so I think it was fair to say that his business was losing money. If it had come to me, I would have had to evaluate all the circumstances and all the facts at the time. The point is, it didn't come to me, so I didn't get into it.

Mr. TRIBLE. But you could not have contemplated that kind of activity when you authorized this operation?

Mr. POINDEXTER As I said——

Mr. TRIBLE. You wanted the profits to go to the Contras, those are your own words?

Mr. POINDEXTER. Yes, I wanted the residuals, after expenses, to go to the Contras, and I simply didn't address at the time the possibility of large profits.

Mr. TRIBLE. Admiral, the records of the Enterprise, again Mr. Hakim's records and his sworn testimony before us, establishes that in the last arms sale to the Contras, we had a $2.1 million

arms sale and a profit accruing to the Enterprise of $861,000 and that was divided equally between Hakim, Secord, and Clines.

Is that the kind of reasonable compensation——

Mr. BECKLER. Mr. Chairman, I would like to object. We have never been given access or an opportunity to examine the records, all the accounting records, in preparation for our testimony here today.

Let me say further that there has been all kinds of amounts thrown out. The case started with the Attorney General saying there was something like $12 to $30 million diverted to the Contras. I can't remember the exact figure, but that's what goes in my mind. Now we are down to $3 million. Now Senator Trible is talking about $250,000. The fact is we have not had access to all the bookkeeping records, and we are not here to testify at great length about what every little transaction meant.

The admiral has answered the question, that is, he was not familiar with all the ins and out financial transactions. If he were asked questions at the time, he would have perhaps addressed them, but he was not.

My objection is to this line of questioning.

Chairman HAMILTON. I understand, counsel. The witness can simply state what he recalls, and what he does not recall, and what he knows about the transaction, and that is all he can do. So we will just have the witness answer the question.

Mr. TRIBLE. Admiral Poindexter, let me ask you again, when you approved this activity, did you authorize that kind of a mark-up, a mark-up in excess of 40 percent for the arms sold to the Contras?

Mr. POINDEXTER. As I have testified and answered an earlier question of yours, Senator Trible, the question of compensation or profits for the private organization that was carrying this out simply didn't come up.

Mr. TRIBLE. It would seem apparent to me that anyone who cared about the Contras, as you and I do, would be offended by that kind of activity.

Let me ask you this question——

Mr. POINDEXTER. If I knew all the facts, I might be able to draw some conclusions about this, but I don't know all the facts and I'm not going to speculate.

Mr. TRIBLE. What about financial oversight in accounting? What oversight in accounting did you put in place to ensure that these large sums of money would be properly allocated?

Mr. POINDEXTER. The trust and confidence in Colonel North and General Secord.

Mr. TRIBLE. When the CIA or CIA proprietaries undertake covert activity, isn't it true that there is very strict accounting and oversight?

Mr. POINDEXTER. I have no idea.

Mr. TRIBLE. The record I think establishes that there is very strict oversight and accounting, and that was absent here.

Mr. POINDEXTER. I understand that the Intelligence Committees and the Appropriations Committees of the Congress want to micromanage all covert operations and get details down to the level of sources. That information is not always provided, but it is my view

that much too much information is provided to the Congress about the details of covert activity.

Mr. TRIBLE. Well, admiral, I simply have pursued this line of questioning because I think it does underscore the risk of taking public policy private, of operating outside of established channels without checks and balances, without oversight or accounting. Good people and policy get into big trouble, and we have seen that.

Here the evidence establishes conclusively, I would suggest, that millions of dollars were socked away in secret Swiss bank accounts, that hundreds of thousands of dollars were converted to the personal use of these private operators, and that the Contras were not well served. That they were sent shoddy equipment at grossly inflated prices. And I think that underscores the folly of doing business in this fashion, and obviously here, your intention and that of Colonel North was to help the Contras. It wasn't to generate profit for individuals. But we will let the record speak for itself on that point.

Let me move on to another aspect of all this.

Mr. POINDEXTER. May I comment on your last statement?

Mr. TRIBLE. Sure.

Mr. POINDEXTER. I don't agree that this was a privatization of foreign policy. The foreign policy was clearly established by the President. There was no secret about that. He campaigned on these issues. He campaigned on support for the Contras. He campaigned on working to get the hostages back. He campaigned on the importance of the Persian Gulf to the American people and to the national security of the free world.

Again, we are talking here about details of implementing that policy. And I still contend that the American people don't want to know those details.

Mr. TRIBLE. So then Hakim and Secord were operating on behalf of the government. They were agents of the government in their activities?

Mr. POINDEXTER. They were operating in cooperation with the government as private individuals. Very patriotic, I might add, and I am not going to pass—you have made a lot of allegations as to what sort of profits they have made or not made, and I think you know that the facts will have to speak for themselves, but I hope at some point a better explanation as to their long-term thinking about the use of these funds can be made.

The point is that when they started, they didn't know—we didn't know that this was going to be exposed in November of 1986. We were trying to open an effective second channel into the Iranian Government. They would have had no idea how long this was going to go on. It needed to be a self-sustaining operation so all the questions that went into the money that they set aside I think are still uncertain in my mind as to what their intentions were.

Mr. TRIBLE. Admiral Poindexter, clearly you didn't know about the financial aspects of this operation?

Mr. POINDEXTER. I did not.

Mr. TRIBLE. And neither did Colonel North, and that was the problem here. Let me simply say as I conclude this particular part of the questioning, that everything I have shared with you this morning comes from the record of these proceedings and the facts

and figures that I have shared with you are those of Albert Hakim and the Enterprise, their own records, presented to us through sworn testimony of one of the principals, one of your principals, Mr. Hakim. Let me move on if I may.

One of the most troubling aspects, I think, of the testimony thus far has been the kind of unapologetic embrace of untruth. We have seen the withholding of information, evasion, false and misleading statements made to virtually everyone, to the President, to key members of the Administration, to the Congress, to the American people.

In a free society that doesn't work, and some would suggest that it is not right.

Now, in the context of these statements, we have been told that untruth was permissible or appropriate in order to protect or promote some higher good, the fight against communism, which we all would agree is of the highest priority, or in the words of Oliver North, it was lies versus lives.

Now, in your testimony you talked about a meeting that Colonel North had with Chairman Hamilton's committee to discuss the allegations in the press that the NSC was involved in Contra resupply and you were asked by one of my colleagues how could North respond truthfully. And you answered—and these are my notes taken from your speech—I cannot refer you to a page in the transcript yesterday or on Friday.

But you responded, "I did think North would withhold information and be evasive."

On a second occasion you responded, "I thought North would be evasive, uncooperative, but not lie."

Mr. Chairman, I see the red light, could I have a couple more minutes?

Chairman HAMILTON. The gentleman may proceed.

Mr. BECKLER. I would like to—this is an area that it would be very helpful if we had the exact reference in the transcript, because although the good Senator has his notes, it is no substitute for the words themselves. When we talk about people being evasive or withholding information and not lying and so on, this is a concern that everybody has had here, and I think it would be helpful if we had the exact reference in the transcript.

I realize this is not a courtroom, but if it was a courtroom we would be held to the testimony of what was the question and what was the answer.

Mr. TRIBLE. Admiral Poindexter, I want to be very fair, and I took these words down and they are your words. I would simply repeat them and ask you if you can remember saying it, that you said, "I did think North would withhold information and be evasive."

Don't you remember saying that?

Mr. POINDEXTER. I can't recall the exact quote, but that is consistent with my view.

Mr. TRIBLE. Thank you, sir. Let me read to you, if I may, from the handbook of Midshipmen at the Naval Academy, the section that deals with the honor code.

It says in section 1303, Standards of Conduct, Section 4, "Midshipmen must bear in mind the dishonest nature of making oral or

written statements or reports which may be regarded as evasive or misleading—any person in the Naval Service who utilizes such evasive means to obtain any desired end will not and cannot command the respect of his seniors, peers or subordinates."

My question is this—at the Academy, the young men and women that we train to be our future officers are told the truth is absolute. If the conduct, evasion, that you have talked about as mentioned in these regulations is wrong for Midshipmen, isn't it also wrong for officers?

Mr. POINDEXTER. Senator, I think that is a very unfair thing to say and I object to it. I have always lived by the honor concept. I still live that way today.

One of the things you also learn at the Naval Academy is the ability to exercise independent judgments that are in the best interest of the United States. My whole time as a National Security Adviser I worked very hard to do the best that I could to protect the national security of the United States. I don't have any regrets for anything that I did. I think the actions that I took were in the long-term interests of the country, and I am not going to change my mind, and I am not going to be apologetic about it.

Mr. TRIBLE. Let me ask this question, and I will bring this line of questioning to a close very promptly. What, in your opinion, is the responsibility of people in public office to tell the truth? National Security Advisers or Congressmen or Senators, we are taught as young people the truth should be absolute.

We live in a tough world, obviously. But that is a very fair question and it is absolutely central to our purpose here, because if we are going to do business in this democracy, we have to be able to depend on the truth of what we are told.

Now, we have been told that the truth should bow to other higher interests. I can understand that argument, but I would like to have your opinion of what is the role of truth for a public official.

When should National Security Advisers and their top assistants be assumed to tell the truth, and when is it their right or prerogative not to do so? And I think that is a fair question, and I think it is central to what we are about.

Mr. POINDEXTER. Ideally, Senator, good faith, and I think that is basically what you are talking about, is a two-way street. The problem is that in this struggle that we have ongoing now between our way of life, democracy and the totalitarianism represented by the Soviet Union, we are often faced with many, many issues that have lots of shades of gray.

The world is not black or white, the world is a very complex, dangerous place. Sometimes you have to make very tough decisions.

In the cases that I have been involved with, I have done my best to use my best judgment to help make those decisions and in some cases make those decisions.

The example that I would like to cite about good faith being a two-way street is the thing that I have referred to several times up to this point about the last hundred million dollars that the Congress appropriated. It took 8 months for this Congress to appropri-

ate those funds while men in Central America that were fighting for their freedom were dying. Now, I don't think that is good faith.

Now, the ex-Speaker of the House, in my view, this is my personal assessment, held up bringing that issue to a vote in the House for 4 months, for 4 of those 8 months, even after both Houses had voted, a majority of them, for the hundred million dollars, he held up bringing the issue to a conference and putting it into an instrument that the President could sign for an additional 2 months.

So one man, who is not elected by all the people, was responsible, in my view, for holding up that funding for a period of 6 months.

Now, that is just one example of what I consider to be the lack of good faith on the part of some Members of the Congress. Now, that is not an ideal situation.

I acknowledge that. But sometimes you have got to cope with things the way they are. That is what we were trying to do.

Mr. TRIBLE. Admiral—and I will close on this note, Mr. Chairman—there is plenty of fault and we are all responsible, I guess, in some part for what has gone on here. As you know, I have been an advocate of helping the Contras.

I did not stand in the way of that appropriation. Indeed, along with many of my colleagues I was doing everything I could to see that that aid was forthcoming. It is easy to assess blame and that is not my purpose, but I do believe we have to sort out the role of public official, administration, Congress, the responsibility to tell the truth, because we have got to create an environment where people cannot only understand each other, but believe each other.

Truth is important. It is important in our public and private lives. After all, that is the first lesson we try to teach our young children and then they have to struggle with that as they live their lives, but it is also important because untruth, mistrust, produces confrontation and gridlock and that is not what this country needs. What this country desperately needs is consultation and cooperation between the Executive Branch and the legislative branch because that is the only way that policy can be sustained and can succeed. So I thank you for your testimony today and I thank you for your long years of service and I acknowledge the contribution that you have made through many, many years of hard work and talented service.

Mr. HATCH. Mr. Chairman.

Chairman INOUYE. You wished to be recognized?

Mr. HATCH. Just for one moment.

Chairman INOUYE. Senator Hatch.

Mr. HATCH. I am just a little bit concerned about some of the questions that were asked Admiral Poindexter. I am not convinced that there is enough evidence that money has gone to a land deal or would have, or would have gone to a land deal in Washington, or that there were moneys for an arms company and that there was a markup of 40 percent.

I don't think these are facts. I think they may be in time—in fact, I have been led to believe that General Secord can refute that there were not 40 percent in profits. With regard to the $8 million, he made it clear, it seemed to me, that they kept it there for the purpose of resolving all difficulties, bills and so forth, and then intended to give it to the Contras.

He also—I think there is some evidence that he lost his business during this time because he was running all over the world trying to do things for our country, at least from his perspective.

So what I am concerned about here is that the witness here does not know these answers. Nobody is going to know the answers to those questions unless we bring in General Secord again, and I believe General Secord ought to be given an opportunity to explain this, because he has been portrayed, I think, by a number of us on this panel as a profiteer who seemed to be running all around the world to make millions of dollars worth of profits, who does not appear to have had a lot from it other than the matters mentioned here that amount to less than $100,000. I presume his business is worth more than that.

I'm just concerned because I want to be fair to General Secord, who I felt came off pretty well when he testified, but clouds have arisen, difficulties have arisen, and they need to be explained away, and I presume the only person who is going to be able to do that would be General Secord.

So until he comes, I think we ought to at least reconsider whether or not these are "facts."

Mr. POINDEXTER. I agree with you Senator Hatch. That is why I don't want to speculate on this, because I don't think I have all the facts.

The problem is that accounting records don't reveal people's intentions. They may point in that direction, but it is the same thing, the difference between technical intelligence collection and human intelligence collection. It is very difficult to determine people's intentions.

Mr. HATCH. Keep in mind, Mr. Chairman, that Mr. Hakim made it very clear that he intended to make profits, and, frankly, business people do make profits. When he was asked to characterize General Secord, he said that he was born a general, he will die a general, he wasn't a very good businessman.

I don't see anything wrong if there were a profit to be made. Most businesses operate on a margin of 40 percent, at least retail businesses in that area. I'm not saying that was right here. I'm saying let's get the facts from sources who can testify about them and not from sources who cannot testify about them.

I want to make those points for the record.

Chairman HAMILTON. The committees will conclude this morning with Mr. Broomfield.

Mr. Broomfield is recognized.

Mr. BROOMFIELD. Thank you, Mr. Chairman.

Good morning, admiral.

Mr. POINDEXTER. Good morning, sir.

Mr. BROOMFIELD. Let me begin by expressing my deep appreciation, and I want to emphasize deep appreciation for your dedication and commitment to promoting the national security interest of the United States.

Your long and patriotic service to our country is not in question here, at least by most of us. While some may disagree with the decisions you have made, I don't think any of us can doubt your sincerity, your patriotic interests that led you to those decisions.

Clearly the best interests of the United States were at the heart of what you sought to achieve, I believe.

We have been at this investigation now for nearly 9 months and we have amassed literally volumes of details about the arms sales to Iran and the transfer of the profits to the Contras.

As I understood it, those were to be the major questions we were going to explore when these hearings began, and last week you answered what I believe to be the key question in the minds of the administration's severest critics, the question about the so-called smoking gun.

Your testimony has begun now, I believe, to lift the cloud which made it difficult for President Reagan to carry out with full effectiveness the function of his office in the past 8 months, especially in the area of vital foreign policy.

I sense a great disappointment on the part of some that no smoking gun was uncovered, and a determination not to let go of this until someone is indicted and even sent to jail.

Eight months ago you appeared before the House Foreign Affairs Committee, and I remember it very well. Had you told us then what you have told us in the past few days, I think the country could have been spared a great national trauma. Congress also could have taken steps, I want to add, to hasten your testimony months ago. However, the majority—they chose not to do so.

However, I recognize you had a perfect constitutional right not to tell us what you knew at that time, since there was no grant of immunity.

Giving the facts of the American people has been very difficult and this investigation, I believe, has gone on far too long. I, for one, hope we can complete our work very soon—and I am very pleased about some of the speculation—and get this matter behind us.

I saw in the paper this morning that this whole investigation could exceed $10 million. That is almost three times as much money that was diverted to the Contras. It seems to me that we are rapidly reaching the point of diminishing returns.

Admiral, I have got several questions I would like to ask you.

What mechanism exists under the National Security Council structure for evaluating planning and overseeing U.S. covert actions?

Mr. POINDEXTER. The NSDD that has been referred to before in the hearings, I believe it is 159, but—and I believe it has a date in early 1985. But one of the problems that we saw, at least the perception that we thought existed with the Congress, was that the intelligence community was out as a—they, in fact, are often described in the press as rogue elephants, carrying on their covert activities as an independent arm of U.S. foreign policy. That was never true.

But in order to get the correct perception across to the Congress, Mr. McFarlane and I and others on the NSC staff worked on producing an NSDD that, amongst other things, set up a—what we call a planning and coordinating group, which, as the Deputy National Security Adviser, I chaired.

The point of this group was to pull together the deputy or undersecretary level in the State Department, the Defense Department, the CIA and the Joint Chiefs of Staff to make sure when we were

considering covert activity, that we considered it as just one of the tools that the President had to implement his foreign policy, to make sure that the actions were consistent with the policy. If there was a requirement to take new policy issues to the President, that would come out, as well.

The group often met when I was deputy, and I believe it continued after I moved up and my deputies continued in my stead, and I must say that we recommended against numerous covert activities.

There were long and thorough discussions, much along the same lines that I understand that the present National Security Adviser has published. Those are not particularly new. They are the same kind of criteria that we used to judge the appropriateness of covert activity when I was there.

And the members of the planning and coordinating group reported back to their principals, and their principals then made decisions on what their recommendations to the President would be about some particular covert activity. It is very closely tied to policy.

Mr. BROOMFIELD. Admiral Poindexter, you presented the President with the first Finding in November of 1985, the same Finding which you destroyed on November 21st, 1986. Bud McFarlane was still the National Security Adviser at that time.

Why did you take the Finding to the President and not Bud McFarlane?

Mr. POINDEXTER. When——

Mr. BROOMFIELD. Do you recall?

Mr. POINDEXTER. When the Finding came to me, and I assume—I don't know this, but I assume it was shortly after the 26th—and the reason it was sent to me rather than Mr. McFarlane is that he was out of the country. He remained behind in Europe to debrief leaders there on the results of the Geneva summit, and by the time he got back, the President was on the West Coast, and Mr. McFarlane proceeded out there.

So I was the National Security entity in town, and I suppose that is why Mr. Casey sent it to me.

The President returned some time after Thanksgiving. I don't know exactly when it was. But Mr. McFarlane had talked to the President in California or on the way back about his wanting to resign, and the President had accepted his resignation with regret. And there was a period of several days in there while the President was making a decision on who should replace Mr. McFarlane; and so during that very confusing time of high emotion on everybody's part, we simply didn't get around to it.

And the day after the President announced me as Mr. McFarlane's successor, there was an opportunity to focus on the outstanding work that we had, and this Finding was one of those. That is the only reason.

Mr. McFarlane decided after the President announced his resignation that I should go ahead and handle the business with the President while he remained in his office, closing out his paperwork and so forth.

Mr. BROOMFIELD. Admiral Poindexter, turning to the hostage question, you worked very closely with President Reagan on our

hostage rescue efforts. Several hostage family members made personal attacks in the media on the President for not doing enough.

What effects did these statements have on the President and our policy?

Mr. POINDEXTER. Well, I don't think they had a great effect on the policy. I think it would be fair to say, at least my assessment was, that the President was disturbed and hurt that he was being charged with not doing enough.

In addition to the Iranian project, which in my view only involved the hostages from a peripheral standpoint, we had been engaged in numerous efforts over the years to free the hostages.

We had even considered the possibility of rescue if we could have identified where they were. So I think it heightened the President's concern, but he is a very humane individual and whether or not he had received these charges in the media and by the families, I think he still would have been very much concerned and interested in doing everything possible the U.S. Government could do to get the hostages back. But I don't—I don't think that the criticism levied by some of the hostage families had any impact on policy.

Mr. BROOMFIELD. Admiral, I am very disturbed by testimony which I have heard that clearly shows that the United States was forced to rely on foreign intelligence agencies for intelligence in Iran and Lebanon.

Do we need to improve our intelligence capabilities in this area of the world?

Mr. POINDEXTER. I think we do. I think Bill Casey recognized that. I think he took steps to make improvements. But I think we have got a long way to go, Mr. Broomfield.

We basically, in some parts of the world, and that part is one, we are flying behind in a very dangerous world with a lot of peaks and valleys. We have got to improve our human intelligence collection and, as somebody commented the other day, you can't just necessarily take an Ivy League school graduate and make him a good human intelligence officer. You have to have people that will get down into the nitty-gritty with people that aren't very savory.

Mr. BROOMFIELD. Admiral, it seems that the committee will not hear from one of the key players in the Iran initiative. That is Mr. Ledeen. Therefore, I would like to ask you a question since he actually—you were one of his superiors.

Mr. Ledeen was on the NSC staff, as I understand it, as a consultant whose responsibility included the preparation of the intelligence analysis and other intelligence material in support of the Iran arms sales.

Did you ever question the validity of the intelligence analysis that you received from Mr. Ledeen?

Mr. POINDEXTER. Mr. Broomfield, I don't recall personally receiving anything that would have been entirely his work product. Mr. McFarlane thought very highly of Mr. Ledeen. He has a lot of very interesting contacts overseas, and he contributed his portion, but I certainly didn't rely just on his assessment or his opinion in the situation.

Mr. BROOMFIELD. Admiral, looking to the future rather than the past, where do we go from here to ensure that any President's foreign policy decisions have an opportunity to be successful?

In your opinion, how do we improve the trust, as well as the confidence, between Congress and the Executive Branch and what mechanics of foreign policy decisionmaking need to be changed?

Do we need to change the laws? Do we need new guidelines? Or do we just need a renewed commitment to cooperation and probably good faith?

Mr. POINDEXTER. Well, Mr. Broomfield, this obviously requires a lot of thought. If I had the answer, I would certainly have come forward with it much earlier.

You know, frankly as a senior government official, you are so tied up in day-to-day business, that there is not a lot of time for reflective thought on how to make the system better. Maybe over the next few months and weeks I will give it some more thought and be back in touch with you, because I take it as a sincere request on your part for my views.

I think as difficult and basically unfair that these hearings are, as we have stated, my attorney has stated, I think that one possible benefit amongst some others that can come out of the hearings is a recognition of the fact that there has been a loss of good faith between the Congress and the White House, and I think, you know, both parties probably share in the blame.

I am willing to accept some of it.

But this recognition itself and also an open and vigorous discussion of the President's constitutional authority in the area of foreign policy, I think, is very important. And I think that these hearings are allowing the American people to hear that discussion take place in an unbiased and undistorted way and not filtered by anybody else.

I would hope that you will hear from your constituents and get their views of what they think needs to be done.

Mr. BROOMFIELD. Admiral, I know it has been a very trying experience to appear before this committee for more than 30 hours, answering detailed questions about your activities, and, frankly, I hope we are nearing the end of this exercise.

Whether we realize it or not, I am convinced we could have arrived at this point much sooner if we were truly interested in policy rather than being preoccupied with prosecution of witnesses.

Thank you very much.

Mr. BECKLER. Mr. Chairman, I have a question to Mr. Broomfield's comment about—do we have a shot at concluding this witness' testimony today? Or is that not even in the cards?

Chairman HAMILTON. Counsel, it is always difficult to make judgments. I think the answer to that is no. I think it is more likely to be Tuesday.

Mr. BECKLER. I just want to explore the possibility.

Chairman HAMILTON. Mr. McCollum?

Mr. MCCOLLUM. I have a unanimous consent request to make. Last week in examining Colonel North, I referred to the deposition of Colonel Robert Earl taken Saturday, May 2, 1987.

My understanding is that the pages of that deposition I used, from 74 through 81, have been declassified. I would like to ask unanimous consent that his portion of Colonel Earl's deposition be made an exhibit in the portion of the testimony of Colonel North.

Chairman HAMILTON. Without objection, it so ordered.

The joint hearings will stand in recess until 2:00 o'clock this afternoon.

[Whereupon, at 12:07 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:05 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings will come to order.

The Chair recognizes the chairman of the Senate Select Committee.

Chairman INOUYE. Mr. Chairman, I am pleased to recognize the gentleman from Oklahoma, Senator Boren.

Mr. COHEN. Mr. Chairman, may I ask a unanimous consent request before you do.

Chairman INOUYE. Please do.

Mr. COHEN. During the course of the morning, I made reference to two PROF notes, one from Colonel North to Admiral Poindexter that was contained in the Tower Report, B-125. I think this is a prior exhibit, but I think it would be helpful to have that PROF note and the admiral's response, which is contained on B-126, included in the record along with the two references to the *Washington Times* newspaper and the CBS evening news of those dates.

Chairman HAMILTON. Without objection, so ordered. Senator Boren.

[The information appears in appendix B.]

Chairman HAMILTON. Senator Boren.

Mr. BOREN. Thank you very much, Mr. Chairman.

Admiral Poindexter, there was a period of time that the CIA was prohibited from sharing intelligence with the Contras, and Colonel North has testified that during that period of time, it was his practice to request certain intelligence from the CIA for the National Security Council and then pass on that intelligence to the Contras, usually without informing CIA that he was doing this. In other words, he was keeping the CIA in a position of thinking they were furnishing it only to the National Security Council with a few exceptions to that, a few individual exceptions.

Did you know that this was going on?

Mr. POINDEXTER. Yes. I recall it first coming up in probably 1985 sometime. Frankly, many of us felt that the CIA probably could under the Boland Amendment provide some intelligence, especially if it was intelligence that involved a direct threat to the Contra forces, but we didn't push the point, and I was aware that Colonel North was passing intelligence unbeknownst to many at the CIA to the Contras.

Mr. BOREN. So this was with your approval and authorization?

Mr. POINDEXTER. Yes, that is right. Although initially Colonel North's actions would have been under Mr. McFarlane's time.

Mr. BOREN. Right.

In regard to what has been referred to as the retroactive Finding, the one signed in November after the fact of the shipment, and also the Finding which you later destroyed, did I understand in listening to your testimony earlier that that Finding was signed by the President after you presented it to him without prior debate and consultation and discussion that you would normally have with people like the Secretary of State, Secretary of Defense, and others within the National Security group?

Mr. POINDEXTER. That is correct.

Again, I think the note from Bill Casey to me indicated he would like to get it signed as soon as possible, and John McMahon called me once or twice about it. It is also important to recognize that the Finding—the main feature of the Finding was the retroactive nature and those—obviously at this time, the events were much clearer in peoples' minds.

The events had already taken place. There really wasn't a forward-looking aspect to the Finding.

Mr. BOREN. It was really a sort of damage control after the fact and the Agency being very concerned that there might be questions raised about legality of doing it——

Mr. POINDEXTER. You have heard the way I have characterized it.

Mr. BOREN. Yes.

Let me ask, and I want to go into a series of questions here, and I think you know they don't arise out of any personal animosity on my part toward you at all, but as an interest of mine in terms of policy, and I think some important lessons for us to draw from them for the future.

How did you feel when on March 17th, the President said at his press conference that indicated that he would have strongly objected had the question of the diversion of funds been raised to him for his approval?

In fact, I will quote him directly at his press conference. He said—he was asked, "Could you possibly have forgotten if you were asked about the diversion of funds?" and the President answered, "Oh, no. You would have heard me without opening the door to the office, if I had ever been told that at any time."

How did you react? How did you feel about it when you heard the Commander in Chief giving the implication that he would have so strongly disapproved that you would have heard him all the way through the closed door?

Mr. POINDEXTER. I don't react strongly to things like that. I accepted that as what the President felt.

Mr. BOREN. Did it cause you—you said several times in response to Senator Nunn's question, you said that you felt secure in assuming that if you had ever asked the President, you wanted to protect the President against a controversial decision, but you felt secure that if you had ever asked the President, he would have approved it. proved it.

Now the President is saying to the American people in March that—he is implying he would have violently disapproved of it and not authorized it. He said, "You would have heard me through the closed door."

And I wonder how you felt about that? Whether or not you felt that the President was truthfully expressing his feelings to the American people? Or do you think that the President was just carrying through with what you have called deniability?

Mr. POINDEXTER. I think the President has always been truthful to the American people. We discussed this this morning. I don't really think it is appropriate to speculate now when the circumstances, or in March of this year, when the circumstances are a great deal different than they would have been in February 1986. I still stand with my judgment, and it will have to remain a contradiction.

Mr. BOREN. So you feel that the President's statement contradicts what you felt was the President's—the President's statement in March that he would have had violent reaction to it contradicts what you think the President's feeling would have been at the time.

Now, I understand—I have to say I don't agree—with the idea of protecting the President by not telling him of controversial decisions. Having been a governor and from time to time having had people call me on the phone and say, "Governor, is this something you really want done," something I had never thought about wanting to have done, and me saying, "Absolutely not, where did you ever get that idea?" and they would say, "Well, some subordinate of yours called and said you wanted that done."

I had a very strong feeling that the person elected to office by the people—not some subordinate appointed—should be making controversial decisions that, under our political process and Constitution, the elected people should make. But I don't question what you said about your intent, your intent of wanting to shield the President.

I think it was a mistake under our—fundamentally out of compliance with the spirit of our Constitution to do that, but I take it—I take your word you were sincere. But by protecting the President in advance by not telling him, I wonder when the story began to come out, starting with the Beirut newspaper and otherwise, the President is in a position, by your not having told him, to deny that he knew about it.

Did you ever go to the President after this story all started to come out and say, Mr. President, you didn't know about it at the time, but this thing looks like it is really going to be controversial, and I think you should know, you should hear it from me, you should know exactly what went on because you are going to be asked so many questions?

Did you ever go to the President after the fact at any time?

Mr. POINDEXTER. With regard to the transfer——

Mr. BOREN. The diversion of funds?

Mr. POINDEXTER. Residuals?

Mr. BOREN. Yes.

Mr. POINDEXTER. No, I did not. Because, as I have testified earlier, up until the very last minute that month, I did not think that the transfer of residuals would come out. In fact, I specifically had directed Colonel North to leave that out of the chronologies. I was treating that as a separate issue.

Mr. BOREN. So before you knew the President was going to make a speech to the American people on November 13th——

Mr. POINDEXTER. I didn't see that that——

Mr. BOREN. You still felt the President didn't need to know?

Mr. POINDEXTER. That is correct.

Mr. BOREN. Again, with this press conference on the 19th, you felt the President didn't need to know?

Mr. POINDEXTER. That is correct.

Mr. BOREN. Again, I have to say that really troubles me. Going back to my own experience on a very small scale as an executive, I used to say to my staff, if you made a mistake, you've done something to inject me into controversy, I want to be the first person who knows about the mistake. Especially when trouble hits, I want to know all the facts.

Mr. POINDEXTER. Senator, I obviously didn't think it was a mistake. If I had discussed that in the White House before I left, I think it would have made it much more difficult for the President to distance himself from the decision. It would have raised a lot of questions as to when he knew it.

This way he didn't know.

Mr. BOREN. I suppose the President could have said, though, I didn't know it at the time, and I found out about it later. He could have said exactly when he found out?

Mr. POINDEXTER. I know. But I think it would have been, in my opinion, more difficult to believe that and decided to do it the way I did it.

Mr. BOREN. I understand it. I guess I can—well, as I say, in all honesty, and I say this not unkindly because I certainly have made mistakes in my career as a public servant. Anyone who tries to do anything makes mistakes.

I guess what troubles me the most is that in retrospect, you said this morning—and this really surprised me, having observed you as a public servant and knowing what I think is your sincere love of this country. We are trying to learn from what has happened here so we can avoid this kind of situation, so we will never have John Poindexters on the witness stand; we will never have to have committees like this in the future; we can build the kind of partnership that we need for the future.

And it really did surprise me when you said I have no regrets, because it seems to me that well-intentioned as you might have been at the time, that now it is very clear that this decision was a highly—about the diversion of the residuals or use of the residuals, as you have called them—was a highly controversial decision.

It has been the flash point of this whole inquiry. The whole question has boiled down in the minds of the public as to whether or not the President knew about that because it seems to be the one area of which there is the greatest potential legal question. Had the President himself ordered it?

So it has become the linchpin of this controversy. Understanding that you wouldn't have thought about it, might not have thought about that in advance, now we know it. We know it was a highly controversial matter, a very important decision that was made.

And it troubles me that in retrospect, even now, that you would say, knowing our system of government—we are not here arguing

about the powers of the Congress versus the powers of the Commander in Chief, the President.

We are talking about should an elected person, the Commander in Chief, the President of the United States, make the most important decisions under our government, the most controversial decisions.

Harry Truman used to say, "The buck stops here. That is why I am here, to make the controversial decisions. I am not supposed to sit here and sign National Rosebud Month proclamations, and then say now keep all the controversial ones away from me."

That is the job of the President. That is the role of the President under our system and only the President should make controversial decisions of this nature because he was elected by the people, as you said.

Now, I would ask you again as we try to learn from this, does it not trouble you at all in retrospect—and I am not asking you to be perfect, I am not here to condemn you, I am not here to try you.

I am here for us to learn for the future. That as we are thinking about our constitutional system and the heart and soul of it, wouldn't you say that in the future, controversial decisions should be brought to the President of the United States so that he, as the elected—person elected by the American people, can make those decisions for himself?

Mr. POINDEXTER. It certainly would make it easier on the people involved to do that. I don't know. The future is obviously going to be very complex.

Mr. BOREN. Admiral Poindexter, it isn't a matter of making it easier for the people involved. It's a question that in this Republic, with the democratic principles we have, the Constitution says the President is the Commander in Chief. It doesn't say the National Security Adviser. It doesn't say any bureaucrat appointed by the President. It says the President, and it is because he is elected by the people.

So doesn't it trouble you, as we are talking about—we are talking about not even about whether people, whether it is inconvenient, we are talking about the preservation of constitutional government.

Mr. POINDEXTER. Senator, the difference between the way you think about it and the way I think about it, I frankly don't think, in the whole scheme of things, it is that important a decision. It obviously is a controversial one.

The thing that's made it important in your eyes, in my mind, is the overreaction of the media to it, and Members of Congress have to react to the media. I think that is what happened.

Mr. BOREN. I guess we just have an honest disagreement, and I would say that apparently the President himself now feels he wishes he'd been told and has implied that he would have prevented it from happening if he had been told.

Mr. BECKLER. Mr. Chairman, I'm not sure where the support is for the President saying——

Mr. BOREN. The President said, Mr. Chairman, that you would have heard me through a closed door if I had been told that. That's the President of the United States, elected by the people, the Com-

mander in Chief that the people have elected. He has said so, Mr. Chairman.

Mr. BECKLER. If this committee's record is the record before this committee and it is interested in getting the facts, I say nowhere in the factual record is there one scintilla of evidence that suggests in any way, shape or form that this witness, Admiral Poindexter, was told by the President that he should have been told that, either then, now or at any time in these last few weeks.

That is what I'm talking about.

Chairman HAMILTON. Counsel, I understand that in a court of law it is altogether possible—you would know better than I—that you cannot comment on evidence not before the court. But this is not a court of law. This is a congressional committee, and members of this committee have every right to refer to events that are reported in the media. And I think Senator Boren's position and question is well taken.

Senator, you may proceed.

Mr. BOREN. Mr. Chairman, let me say I made that statement—I made it very clear, not out of any unkind feeling toward Admiral Poindexter. I said I didn't question his motivation. I made that point because I think it's an important principle of the Constitution that the President, as the person elected by the people, rather than someone who is appointed, should make key decisions.

I'm not casting aspersions on Admiral Poindexter. I'm simply saying, expressing my deeply felt conviction about the Constitution and what we can learn about this process. I think I have a right to do that.

Let me ask you. There are three or four factual questions, if I might.

Your records indicated that on November 17th you received a message from Attorney General Meese at 9:43 a.m. You returned that call at 6:30 p.m., November 17th, 1986.

Can you recall what you discussed with Attorney General Meese during that conversation?

Mr. POINDEXTER. Let's see. As I recall, the 17th, I believe, is on a Monday. I think that may have been about the fact that I was going to call Bill Casey and ask him to come back early.

I really can't recall that specific telephone call, but during the month I had several conversations with Ed about the issue. I remember one call I asked him if he could have one of his assistants prepare a legal paper on the President's authority to postpone notification to the Congress. It could have been that issue.

Mr. BOREN. What about on November 21st? This was the day you met with the President at 11:30. Your records indicate that you had a call at 9:22 in the morning with Attorney General Meese, a telephone conversation, prior to your meeting with the President.

Do you recall the nature of that conversation?

Mr. POINDEXTER. 9:22?

Mr. BOREN. Just sometime in the morning prior to your meeting with the President.

Mr. POINDEXTER. Yes. I believe—that was the call that he initiated to let me know that he wanted to come over and see the President at 11:30 to talk to him about the conflict that existed in Mr.

McFarlane's recollection and George Shultz's, and he indicated that he wanted me and Don Regan to go with him.

He said he'd already talked to Don about getting the time, and I believe that was the extent of the conversation.

Mr. BOREN. Then you did indeed go with the Attorney General to see the President at 11:30 that morning?

Mr. POINDEXTER. Yes, I did.

Mr. BOREN. And after that there is an indication that you had—that you and Attorney General Meese talked again, I guess this time in person, after that meeting with the President?

Mr. POINDEXTER. I believe he called me on the phone in the afternoon.

Mr. BOREN. And during that conversation did he indicate to you that he would be reviewing documents and reviewing the situation?

Mr. POINDEXTER. He—the purpose of the call was to tell me that he was going to send over a couple of his special assistants to look at the documentation that we had, and he asked me if I would have it pulled together in a central location, and I said of course, that I would.

Mr. BOREN. Did he give you any kind of a timeframe as to when he would be coming to look at the documents, review the records?

Mr. POINDEXTER. No. He may have, but I don't recall it.

Mr. BOREN. After that——

Mr. POINDEXTER. Excuse me, Senator. I assumed it was going to be rather promptly because we frankly were interested in getting back to the committees as soon as we could with what the facts were.

Mr. BOREN. After that, your records indicate at 2:25 that you met with—later that afternoon—you met with Colonel North. This was after you'd had this discussion with the Attorney General.

What did you talk with Colonel North about at that time?

Mr. POINDEXTER. As I recall, the issue that I was having the greatest trouble recalling, as I have testified, were the circumstances surrounding the aborted transfer of the 18 HAWK missiles from the Israelis to the Iranians, and my recollection of that meeting in the afternoon with Colonel North was that he came in with one of his old spiral notebooks and reviewed with me some notes that he had made in November of 1985.

Mr. BOREN. Let me ask, during that conversation with Colonel North did you indicate to him that the Attorney General would be coming over, or some of his staff people, to review the records and look at the documents?

Mr. POINDEXTER. My recollection is that immediately after the phone call from Ed, I called Commander Thompson, told him I wanted him to supervise this and provide the liaison to Ed's people, and immediately after that I called Colonel North and told him.

I don't recall the Attorney General or his people coming up in the conversation with Colonel North later.

Mr. BECKLER. Mr. Chairman, I know we are on day eight looking down the eyeball of day nine. I don't see any red light on here. I know you are in charge of the time.

Chairman HAMILTON. You are correct, counsel, the chairman is in charge of the time. The chairman will allocate time among the members as he sees fit.

Mr. BOREN. Thank you, Mr. Chairman.

So there was not any indication at this meeting that afternoon with Colonel North that he should be concerned about the possibility his records might be checked or that he should make any distribution or any activity, have any activity in regard to removing documents or making sure sensitive documents were not present at that time?

Mr. POINDEXTER. As I have testified, Senator, at the end of the conversation, he did say something that led me to believe that he was going to destroy that notebook. And I don't believe I responded to it.

Mr. BOREN. Mr. Chairman, I thank the chair for allowing me to ask these questions, and Admiral Poindexter, I thank you for your response.

Let me say one concluding word and that is I hope when these hearings are over, that we will end on a positive note. I think it is time for us to change our mindset here, change the tone.

In asking you some probing questions, I tried to stay consistent with that, what can we learn, where can we go from here.

I believe very strongly that for the sake of this country we have to stop being Republicans and Democrats, Members of Congress, or members of the Executive Branch, and all be Americans, and we have to rebuild trust.

The President can start a policy, he can announce a policy, he can embark upon it, but he can't continue through with it unless the Congress is going to support it, appropriate the money, and carry on through with it in the long run.

The only way that we can really present a united front to the rest of the world and have continuity of our policy and not be known as a country that changes its mind every 24 hours or reverses gears is to build that kind of partnership.

And I have to say I was a little discouraged as I listened to you this morning and heard you say I am just not sure that you can share information with Congress at all or that you can have people exercise responsibility.

Let me say that over the last 2 or 3 weeks, I have been talking with people in the administration. They have indicated to me that they have had these discussions with the President as well.

We are trying to rebuild that trust.

Judge Webster as the Director of the CIA has, I am convinced, in a very candid way shared every possible sensitive operation with the Intelligence Committees and not a single one of those operations in the last several months has leaked to the press.

Just the past 2 weeks, I wouid want you to know this, that there were a couple of Members of the Senate who did start to ask questions about some sensitive matters. I went to them.

I heard your discussion this morning, it happened I went to them and said, "These are sensitive matters of national security." They deferred from probing into that area. We go back to the history of our country we have had that kind of partnership before where Democrats, Republicans, the Speaker of the House, the President of the United States, those leaders have worked together.

Mr. Rayburn knew about the atomic bomb. He was even asked about it by a member of the press, and he said to a member of the

press, "If you love your country, you won't write any articles about it," and they weren't written.

There has been that kind of responsible activity for everyone involved in the past.

I would want you to know that we are on the way to rebuilding that, or I am convinced that we can. And I am convinced we can do it because people at both ends of Pennsylvania Avenue love the country, and I would hope, and I realize that you have been under the gun and that this is a hot seat in which to sit, but I would hope you would reflect on it. You are a man of immense ability, I have great respect for your ability, and I would hope that you would change your mind about some of these things, both in terms of sensitive decisions that should ultimately be left to the President and also especially about the possibility that we have for people of good will in both branches of government to rebuild the kind of trust that we need, because I think it is so important to the future of our country.

I would hope that in the days and weeks as you collect your reflections under less pressure, share them with the American people, I really hope I will hear some positive comments from John Poindexter, whom I have known and respected for a long time, about the possibilities of rebuilding that trust and the importance of rebuilding that trust.

Mr. POINDEXTER. Senator, don't get me wrong. I didn't mean this morning to imply that I didn't think that would be a much better situation where there was trust and confidence and a return to the point where good leadership is exercised on both sides, down in the White House and up here, and that we can figure out a way to inform a limited number of people in a very secure way where it won't leak out, even if the people don't agree, but so that they stay informed—I think that is an ideal situation and what you are describing as taking place gives me heart.

I guess I am a little pessimistic that we can make that work. Not that I don't think we should make it work, I think we should, but I just—I guess I have had a bad experience.

Mr. BOREN. Well, we are going to work our hearts out to try to make it work. I understand we're going to work our hearts out to try to made it work, and I am convinced from what I am getting from the White House, and I am certainly convinced with the reaction of our committee on both sides of the aisle, we have every intention of doing everything we can to make it work.

Chairman HAMILTON. Mr. Rodino?

Mr. RODINO. Thank you very much, Mr. Chairman.

Good afternoon, Admiral.

Mr. POINDEXTER. Good afternoon, sir.

Mr. RODINO. Admiral, this morning during your testimony, you made a statement which I would hope you hadn't made, and I wonder on reflection whether or not you would want to continue to characterize these hearings as unfair.

Mr. POINDEXTER. Mr. Rodino, that is a legal question, I think, that my attorneys have raised, and I understand their arguments very well. I think that Chairman Hamilton has conducted the sessions that I have been here in a reasonable manner, not always the way I would like to hear him rule—but the point is that I think it

is basically when a criminal investigation is being pursued and they are trying to find some law to fit the circumstances, that it is not fair to force a person that is a target of an investigation like that to testify.

That is what I think is not fair, it is not the conduct of the particular hearing.

Mr. RODINO. Well, Admiral, apparently you insist, continue to characterize the hearings as unfair, which I consider regrettable, but that's your testimony.

Mr. POINDEXTER. You understand what I mean though, Mr. Rodino, that——

Mr. RODINO. I am trying to. I want to follow up, admiral, on some of the questions posed to you a while ago by Senator Boren concerning the news conferences of the President on November 13th and then again on November 19th.

Did you prepare the President in any way for any of those new conferences?

Mr. POINDEXTER. Well, the speech that he gave on national television on the 13th, I and my staff participated with other elements of the White House to prepare that speech, and before the President's press briefing on the 19th, as I recall, we had at least one or two sessions prior to that to go over what we thought the questions would be; with the President.

Mr. RODINO. You knew, of course, that what the President was about to tell the American people was absolutely not only misleading, but deceptive; isn't that not the case?

Mr. POINDEXTER. No, I don't think it was, Mr. Rodino. What part are you referring to?

Mr. RODINO. Well, on November 13th, the charge has been made that the United States has shipped weapons to Iran as ransom payment for the release of American hostages.

Mr. POINDEXTER. We didn't think then, nor do I think now, that that is an accurate—I mean, saying that we were shipping arms as ransom for hostages is not an accurate description of what we were doing. I still believe that.

Mr. RODINO. And when you say that the United States has not swapped boat loads or plane loads of American weapons for the return of American hostages and we will not, and that again is a statement of the President, that again is not misleading?

Mr. POINDEXTER. As I have testified, Mr. Rodino, the President's view, and I agreed with it, was that it was not a swap of arms for hostages because the people that we were dealing with were the Iranians, they were not the captors of the hostages, they did not have control, total control, over those captors, and it is just as if you would go to another third country and ask them to intervene for you.

Mr. RODINO. You think that is the way the American public understood that statement?

Mr. POINDEXTER. Well, so far, Mr. Rodino, I have received probably a couple thousand telegrams since these hearings began, my appearance before you, and all but about 12 or 15 or those, the people say they understand, they support what we were trying to do, and I think it is very clear to them. I don't think that they feel misled.

Mr. RODINO. Notwithstanding the fact that the President stated time and again that it was American policy not to deal with terrorists and not to trade arms for hostages—you still insist on that position?

Mr. POINDEXTER. I don't think that he had, prior to November of 1986, had ever addressed the question of arms for hostages. But he has stated——

Mr. RODINO. You mean that was not the stated American policy?

Mr. POINDEXTER. No, the issue didn't come up before that. That is all I mean.

It is and has been our policy not to compromise with the terrorists that take the hostages, and we didn't think we were doing that. And that was—the President—that was very clear in his mind.

In my preparation with him for the speech and for the press backgrounder, there was no need to go over that point with him. That was firm in his mind from the very beginning.

Now, I am telling you the way he thinks about it. Now, some of the Cabinet officers that objected to it did not see it that way, and they argued with the President and he argued right back that he was comfortable in viewing it the way he did.

And so from his own heart and mind he did not see it as ransoming hostages by providing arms.

Mr. RODINO. Admiral, we know that Colonel North has come before this committee and stated that he was ready to be the fall guy, go quietly into the night, and I think this was his attitude until he found that he was going to be the subject of a criminal investigation, and then, of course, I think Colonel North may have had a change of mind, but nonetheless, Colonel North stated unequivocally that he never undertook any single action which he was not authorized to undertake, and that as a matter of fact he had assumed that the President knew of all that he was doing concerning the exchange of weapons and that his superiors knew.

And, as a matter of fact, he had sent five memos up the line, according to his testimony, and I understand that, of course, you don't recall having seen at least four of those memos.

Mr. POINDEXTER. I, frankly, don't think those existed, Mr. Rodino. I don't know what Colonel North was thinking about, but I simply don't have any knowledge about any except the one.

Mr. RODINO. Well, let me go on further.

On November 25th the Attorney General came before the American people and stated to the people of this country that you had not approved these things and only had a very general knowledge that something of this nature may have been occurring, and as a result of that, it seems to me, that there was a decision made that Colonel North be fired and that you would be permitted, however, to resign.

If Colonel North did not in any way act without authority, and you, as his superior, were aware of this, how could you have permitted Colonel North to be fired while you were being permitted to resign?

What is the significance of that?

Mr. POINDEXTER. Mr. Rodino, I did not permit that. That was as much a surprise to me as it was to everybody else.

Mr. RODINO. Did you do anything about it?

Mr. POINDEXTER. I knew nothing about it ahead of time.

Mr. RODINO. I am sorry, I didn't hear you.

Mr. BECKLER. I am sorry. He didn't hear your last question, which was "did you do anything about it?"

Mr. RODINO. Did you do anything about it, yes, admiral?

Mr. POINDEXTER. No. At that time it was already done. Ed Meese went out in the press conference unbeknownst to me and characterized the two departures the way he did. I was unaware that that was intended. In fact, I had a discussion with Ed that morning at 7:30 in his office, which I have testified to before, in which we talked about my resigning my commission.

Colonel North only had one commission, the commission as a Marine officer. I was in a different situation. I had two commissions. So it was discussed that I would resign and I understood that Colonel North would simply be transferred back to the Marine Corps to continue his duties with the Marines.

It wasn't until the press conference that I learned that he was going to be fired. Now, I don't know of any plan to make Colonel North a scapegoat.

I know that he has testified that he and Bill Casey talked about it, and Colonel North mentioned to me several times unrelated to Mr. Casey that he was willing to be the fall guy, and every time he said that I told him that was nonsense and that he should quit thinking in those terms.

Now, Ed Meese's comment at the press conference was obviously too general. He had not asked me, and he did not know whether I had——

Mr. RODINO. And you didn't tell him?

Mr. POINDEXTER. And I didn't tell him, that is right, because of the reasons I explained. I think you missed some of the hearing this morning. But the whole point there was that I thought that the President would have much greater deniability if the White House simply knew as little as possible about it until after I had gone.

Mr. RODINO. Well, let me ask you, admiral: Did you do anything at all to try to clear up the statement that the Attorney General had made that you were only generally aware, that you hadn't approved?

Mr. POINDEXTER. At that point I did not, because it was pretty clear that, after the press conference in which he, the Attorney General, indicated that a criminal investigation was commencing, at that point I became cautious.

Mr. RODINO. Don't you think that at that time it might have also been prudent to acknowledge that you had been the one who had been responsible and, therefore, clear everything for everybody?

Mr. POINDEXTER. Mr. Rodino, at that point I wanted to have an opportunity to consult with attorneys, which I did later, and since that time I have taken their advice.

Mr. RODINO. Let me ask you, Admiral—on the 21st, Attorney General Meese called you early in the morning and, as I recall, Attorney General Meese intended to see the President and ask you as well and Don Regan to see the President at 11:30 that day in order to embrace the matter and to conduct a factfinding investigation, is that not so?

Mr. POINDEXTER. Yes. Attorney General Meese called me early in the morning on the 21st just to answer some questions on this and said that he wanted to meet with the President. He thought because we had a disagreement in recollections between Mr. McFarlane and Secretary Shultz that it would be useful if he looked into the matter to try to figure out what had happened in November of 1985.

And he indicated he had arranged a time with Don Regan to see the President at 11:30 and he asked me to come along and, of course, I did.

Mr. RODINO. And you met for 45 minutes at that time with the President?

Mr. POINDEXTER. My recollection is it was much shorter than that.

Mr. RODINO. I have a copy of an appointment schedule of Admiral Poindexter, November 21st, and the President's Oval Office from 11:30 to 12:15.

Mr. BECKLER. Mr. Rodino, is it possible for us to get a copy of that or cite the exhibit number of that schedule?

Mr. RODINO. I can send it down to you.

Mr. BECKLER. Thank you.

Mr. POINDEXTER. The President's diary, his schedule, not his diary, but his schedule would be much more accurate in terms of time. I doubt seriously if all of that time I was actually in the Oval Office.

Mr. RODINO. Could you tell us what you discussed at that time?

I know you have talked about clearing up things. Just what did you discuss? This was supposed to be apparently a meeting which had been requested by the Attorney General in order to conduct a fact-finding investigation.

[Counsel conferring with the witness.]

Mr. RODINO. It was more than just saying hello.

Mr. POINDEXTER. I have already described the meeting, as much as I can recall about it, in previous testimony. But I'll go over it again.

My recollection is it was a very short meeting, lasting maybe 10 minutes or 15 minutes. But the Attorney General indicated that there was a disagreement between Bud McFarlane and George Shultz as to what had happened in November, and he thought it would be useful if he looked into the matter to try to get to the facts as to what happened in November of 1985.

The question was had there been discussions in Geneva, during the summit with Gorbachev, about an Israeli plan to move forward with the initiative that the Israelis had discussed with Mr. McFarlane back in July in which the President had discussed with the other national security advisers in early August of 1985. And that was the key question. We didn't know at that point what the answer was.

Mr. RODINO. I thought, Admiral, that the meeting had been requested by the A.G. to conduct a fact-finding inquiry on the whole matter of the President's knowledge of these different initiatives, and that was to be the A.G.'s embracing of the facts, so that he might later report to the people.

You mean all you discussed at that time was the issues that arose at Geneva?

Mr. POINDEXTER. No, no, you misunderstood me, Mr. Rodino.

The November—what eventually turned out to be the November shipment of HAWKs by the Israelis to the Iranians—according to George Shultz's recollection, a discussion about that had taken place in Geneva. Mr. McFarlane didn't remember it.

That is what we were trying to sort out, what was the prior knowledge of the Israeli plan to take the next step in the project with the Iranians.

Mr. RODINO. Admiral, it was later that afternoon, after that meeting and after another call from Attorney General Meese, I think about 2:52 on a secure phone—was it after that that you destroyed that November Finding?

Mr. POINDEXTER. My recollection is that I destroyed that December Finding late in the afternoon, early evening of the 21st, that's correct.

Mr. RODINO. This was following the telephone call from Meese and following that meeting on the 21st with the President?

Mr. POINDEXTER. Yes, that's correct.

Mr. RODINO. Let me ask you one final question, Admiral.

At 1:25 to 3:20 p.m. on Saturday, November 22, 1986, again according to schedule for Admiral Poindexter—and if you don't have it, I'll send it down to you—you had lunch with Director Casey and were later joined by Oliver North.

Was there anyone else present at that luncheon?

Do you recall whether or not——

Mr. POINDEXTER. In fact, I hadn't thought about that lunch until you just now mentioned it.

Mr. RODINO. Can you tell us what took place at that lunch? What did Casey say, what did North say, what did you say, if you can recall?

Mr. POINDEXTER. I really don't recall. Al Keel may have been in and out during the lunch. As I recall, it was——

Mr. RODINO. Do you remember Don Regan calling also for Casey during that time?

Mr. POINDEXTER. I don't remember that.

My recollection is we talked about how we could get over to the American people better what we were trying to do with the Iranian project. Probably Bill gave me a debrief of his meeting with the congressional committees the previous day, because I had only talked to him very briefly the evening of the 21st, I believe, and there was no discussion of the transfer of residuals to the Contras at that point.

He, as I recall, had called me and wanted to know if I had eaten lunch yet, and I said no, and so he said why don't I come over and let's have a sandwich together.

But I don't remember much more about the meeting.

Mr. RODINO. Let me just make a final observation, Admiral.

You have testified here and stated that you were concerned about the disclosure of a lot of these facts concerning the diversion, concerning the sale of arms for hostages, and you wanted really to protect the President from political embarrassment. But isn't that political embarrassment that you talk of merely a consequence of a

disclosure to the American people of misstatements and misleading information that the public might then be aware of?

Wouldn't that be the political embarrassment?

In other words, wouldn't it be, in effect, an attempt to keep the American people from knowing, from knowing what had taken place, and the political embarrassment as a consequence that would occur to the President, but weren't you keeping the American people from knowing what was happening?

Mr. POINDEXTER. No, I don't view it that way at all, Mr. Rodino. The people knew that the President wanted to support the Contras and was going to do everything he could to do that. He constantly talked about it; he constantly talked to the President about how important it was.

Mr. RODINO. He didn't tell them though he wanted to divert funds or he didn't tell them he wanted trade arms for hostages?

Mr. POINDEXTER. He told them, Mr. Rodino, that we were trying to get the hostages back and we were working very hard to do that, but he wasn't going to—he specifically told them that he was withholding information on how we were trying to get the hostages back.

I frankly don't think the American people want to know that, Mr. Rodino.

Mr. RODINO. I don't think the American people want to know what they shouldn't know, but I think, Admiral, that the political embarrassment that you speak about can't be other than a refusal on your part to get the American people to participate in the process of knowing what the President had been doing and what the administration had done.

Mr. POINDEXTER. The main point, and maybe I wasn't clear on this, but I'll go over it again—I thought that the transfer, the use of residuals to support the Contras, would be a politically volatile issue.

It wasn't withholding it from the American people; it was that there were a lot of opponents in the Congress that would have not agreed with our interpretation of the Boland Amendment. They wouldn't have agreed to the Iranian project, just as we have seen demonstrated, and if it came out it was going to be a very hot political issue it would be used to pound on the President.

And I wanted to be sure that the President could say that he didn't have anything to do with that part of it, and he has said that, and I think in the end I believe that the President is going to come out stronger for it.

Mr. RODINO. Let me conclude by reminding you, Admiral, that on November the 19th the President, in that news conference, concluded by saying that he was going to issue a directive or direct that all information concerning the Iran initiative be provided to the appropriate Members of Congress.

Now, that was a directive from the President on the 19th, and yet, Admiral Poindexter, you are saying to me that notwithstanding that directive to inform the American people, you decided that you would not, countermanding the directive of the President that the people should know.

Mr. POINDEXTER. We tried to get out as accurately as we could the information about the Iranian project, less the way that the pri-

vate agent was using the residuals in his logistics support operation to support the Contras. In my mind, that was an unrelated issue. The source of the funds was incidental to the whole issue.

The thing that we were trying to get out——

Mr. RODINO. But, Admiral, wasn't that a directive of the President——

Mr. BECKLER. May we finish our answer, please, Mr. Representative?

Mr. POINDEXTER. The information that we were trying to get out was why we had tried to open the channel to the Iranians, how we were trying to get the hostages back, and the Contra issue, in my mind, was a separate issue.

Mr. RODINO. Admiral, I have got to state that while I want to believe you, and respect the position you hold, but, you know, I read, and I am reading from the President's news conference of November 19, 1986, and this, this statement is made here, "I have further directed that all information relating to our initiative be provided to the appropriate Members of Congress."

Notwithstanding that, you destroyed the Finding on November 21st, you didn't tell the people, since you say that you wanted to assure that you protect the President.

Mr. POINDEXTER. Mr. Rodino, you are—I just don't agree with your assessment.

Mr. RODINO. Well, you don't agree with what the President directed you to do.

Mr. POINDEXTER. I agreed very well with what the President said, Mr. Rodino.

Mr. RODINO. Admiral, well, do you believe that you carried out his directive?

Mr. POINDEXTER. To the best of my ability.

Mr. RODINO. And you gave all the information that he wanted provided to the American people?

Mr. POINDEXTER. I think he said to the Congress. At that point, we were preparing to meet with the congressional committees on the following Friday, on the 21st, and to provide all the information, and to the best of my knowledge at the time, what we provided was accurate.

Now, it turns out there were some inaccuracies in that, but that wasn't because we were trying to withhold information at that point. That is everything, less how the profits or residuals from the Iranian project were being used to support the Contras.

Mr. RODINO. Well, Admiral, I want to thank you very much, but it strikes me as difficult to believe that after the President makes a statement of this sort, which is clear on its face, that he is directing that all information that—notwithstanding that, you take this position and I find it rather difficult to believe that you were prepared to provide all that information when 2 days later you tore up the Finding.

Mr. POINDEXTER. The Finding was very incidental to this whole issue. I have explained that I didn't go through a long, detailed analysis as to whether to keep the Finding or not. I saw that as supporting the view that this was simply an arms for hostage arrangement which was not the case, and that the Finding, taken out

of context of the whole operation, could be used to damage the President.

And I just thought that we didn't need it at that point.

Mr. RODINO. All right. Thank you very much, Mr. Chairman.

Chairman INOUYE. The gentleman from Utah, Senator Hatch.

Mr. HATCH. Thank you so much, Mr. Chairman.

Admiral Poindexter, I want to thank you for your testimony and the time you have given here.

The information you have provided to us, it seems to me, in my opinion, is the most significant we have heard through all of these lengthy hearings. I think your testimony goes to the very heart of what caused us to hold these hearings in the first place. Now, last November, early in the month, news of arms sales to Iran was, of course, circulated and that, of course, caused some understandable controversy, but it wasn't until the diversion possibility was announced later in the month with its attendant possible tie-in to the President that the controversy became in the minds of some an event worthy of the extraordinary attentions such as these hearings have meant and the convening of these panels.

Some people no doubt gleefully hope for another Watergate.

Now, your testimony has unequivocally confirmed what the President has been saying for 8 months now, that he never knew and did not know what you didn't tell him. And that is of the diversion of funds.

Now, the reaction to your testimony, in my opinion, has been quite interesting. Those same people who were so taken by the original prospect of Presidential involvement are now scurrying around hoping that they can find a new line of fire. Some simply say that you are lying.

That is what some of them say, which strikes me as both not very creative and I think very wrong.

I believe you, Admiral, and I do believe the President of the United States. I have been around him enough both before this happened and since it happened that I believe what he said. He is one of the few people I have met in government life who really does stand up and say I did it and I take the consequences or I didn't do it, and I think he has done that throughout his whole political career.

Now, others have picked up on a new thing. They are screaming about how shocking it is that you should keep such an important matter away from the President to begin with.

Well, they are saying that no elected official was making these high foreign policy decisions that affected our country. Now, with respect to that line of thinking, I would like to ask you just a few questions.

Who was it, Admiral Poindexter, that made the decision to go ahead with the operation to try to develop a long-term relationship with the people in Iran?

Mr. POINDEXTER. The President of the United States.

Mr. HATCH. By gosh, it was, wasn't it?

Well, before the President made that decision, did he seek the advice of his top advisers?

Mr. POINDEXTER. He did.

Mr. HATCH. He did, didn't he?

Mr. POINDEXTER. Extensively.

Mr. HATCH. My goodness. And once the decision was made, was there any question in your mind who made that decision?

Mr. POINDEXTER. Absolutely none.

Mr. HATCH. OK. Once the decision was made, I take it that you saw it as your job to carry out that decision; is that correct?

Mr. POINDEXTER. To the best of my ability.

Mr. HATCH. And that is what you have expressed here. Much has been said about the President's managerial style or management style. Let me ask you this: would you say that the President of the United States, Ronald Reagan, is a decisive person?

Mr. POINDEXTER. On some issues, he is. If he is confident and has a strong feeling about something, he can be very decisive.

Mr. HATCH. If he has studied it, listened?

Mr. POINDEXTER. If he has studied it, listened. He is not one to be a hip-shooter. He wants to understand the issue, and once he understands it, he makes decisions very readily and is very secure in those decisions.

Mr. HATCH. Is he willing to make the tough decisions himself?

Mr. POINDEXTER. Absolutely.

Mr. HATCH. All right. Now, as to the Contras, who made the decision to support the Nicaraguan Democratic Resistance forces?

Mr. POINDEXTER. The President did.

Mr. HATCH. Was that a knee-jerk reaction on the part of the President or did he seriously study the serious problems down there in Central America and what the Sandinistas were meaning to that area?

Mr. POINDEXTER. We spent most of the first year of the administration studying the issue, trying to figure out what we could do. And in the end, the President decided that the only solution we had was to support an indigenous organization in the country to keep military pressure on the Sandinista Government to bring about change to democracy there.

Mr. HATCH. I thought exhibit 45 was interesting. In that note you were describing a conversation you had with the President and you say, "yesterday in a meeting that I had with the President, he started the conversation with 'I am really serious. If we can't move the Contra package before June 9th . . .'—", and I take it he meant move it through Congress?

Mr. POINDEXTER. That is correct.

Mr. HATCH. And you described how the leader of the House of Representatives—I should say the Speaker of the House prevented that for 4 solid months?

Mr. POINDEXTER. That is correct.

Mr. HATCH. He could have brought it up like that in the interests of this country one way or the other?

Mr. POINDEXTER. That is right.

Mr. HATCH. But he didn't and you knew it was foot-dragging, is that right? In your opinion?

Mr. POINDEXTER. In my opinion, it was.

Mr. HATCH. He said, "I am really serious. If we can't move the Contra package before June 9th, I want to figure out a way to take action unilaterally to provide assistance."

Then he went on further to say as I read this, "The President is ready to confront the Congress on the constitutional question of who controls foreign policy. We need to get Abe Sofaer . . ."—that is counsel for the State Department; right?—"and other stalwart lawyers thinking in these terms to see if there is some way we can do this if all else fails."

That is what you wrote at the time; is that correct?

Mr. POINDEXTER. That is correct.

Mr. HATCH. I take it, Admiral, nothing you said in that note indicates that the President was attempting to do anything unlawful; is that correct?

Mr. POINDEXTER. Absolutely not. It was just a desire on his part to exercise what he saw as his authority and responsibility as prescribed in the Constitution.

Mr. HATCH. In fact, the President was trying to do everything he lawfully could consistent with his constitutional authority to accomplish his foreign policy objectives in Central America; is that correct?

Mr. POINDEXTER. Yes, sir, it is.

Mr. HATCH. Now, regarding the Boland Amendments, which are up there on the wall—by the way, I don't know why we put them up there on a display like that. They are right up there on the wall for everybody to see in different technicolors.

To be honest with you, it is clearly not some of our better work in the Congress. And I am not blaming my good friend and colleague Ed Boland. He has to compromise just like everybody else around here from time to time.

But I am not sure why we would want to show a national audience how inconsistent and vacillating we can be. It is a little like the—like Ford displaying the Edsel, it seems to me. But regarding Boland, would you say that you were trying to comply with the law while still attempting to pursue the President's policies; is that right?

Mr. POINDEXTER. Yes, sir. That was our objective.

Mr. HATCH. OK. Boland didn't really apply to the President, did it?

Mr. POINDEXTER. We did not think so.

Mr. HATCH. I don't know of one person who has any semblance of constitutional authority or law or background who will say that it did. Now, I have to admit there are some questions beyond that, but there are plenty of room to debate it.

There was nothing in Boland, though, or in any of these Boland Amendments that prohibited private donations to the Contras, was there?

Mr. POINDEXTER. We didn't see any after——

Mr. HATCH. I don't see any either. Private donations could be made to the Contras. Even though they seem to be something awful, the fact is they could be made to the Contras. There was nothing in Boland that prohibited foreign governments from donating to the Contras, was there?

Mr. POINDEXTER. No. Nothing at all.

Mr. HATCH. Not a thing. So foreign governments were totally capable of donating to the Contras; is that right?

Mr. POINDEXTER. Yes, they were.

Mr. HATCH. There was nothing in Boland that prohibited a private supply operation in support of the Contras, was there?

Mr. POINDEXTER. We didn't see any prohibition against that.

Mr. HATCH. I don't see any prohibition against that either. There was no mention in Boland of the National Security Council; is that correct?

Mr. POINDEXTER. That is correct.

Mr. HATCH. As a matter of fact, if we in the Congress had wanted Boland to cover the National Security Council, it seemed to me we would have put them in there; is that right?

Mr. POINDEXTER. I would think so, but I think that that really makes the constitutional issue very apparent if you try to do that.

Mr. HATCH. Well, you raised another issue. If we did put the National Security Council in the Boland Amendments, we really raise a big constitutional issue, whether or not the Congress can impose——

Mr. POINDEXTER. That's correct.

Mr. HATCH. —and micromanage in a purely executive function or at least what some would argue would be a purely executive function.

Given the President's clearest directions on Iran and the Contras, how did you view your decision not to tell him about the diversion? Did you view it then, or do you view it now, as a major foreign policy decision?

Mr. POINDEXTER. I did not view it then, and I don't really view it now as a major foreign policy decision. It was a matter of implementing the President's policy.

Mr. HATCH. Did you view those funds, the residual funds that you talked about, as U.S. Government funds?

Mr. POINDEXTER. I did not.

Mr. HATCH. You did not. You considered those private funds once the government was paid what it asked for with regard to those weapons?

Mr. POINDEXTER. That's correct. The U.S. Government got every penny that was appropriate for those weapons.

Mr. HATCH. Now, you've been criticized for waiting too long to come forth and testify.

Why has it taken you so long to testify right now?

I think I know the answer, but I would like to hear it from you.

Mr. POINDEXTER. Well, it is our view that a schedule was worked out with the Independent Counsel. I've actually testified in closed session on the 2nd of May and provided that information that I did not inform the President, that I had approved it, that I took responsibility for it, and the committee chose not to make that available to most of the members, even.

Mr. HATCH. I see.

Well, now, I called for limited use immunity for you, North, Secord, and Hakim last December, because I felt that within a month we could have gotten to the bottom of this, laid out all the facts, given them to the American people and let them assess blame, if there is any.

And you would have been willing to come and testify then?

Mr. POINDEXTER. Yes, I would have been.

Mr. HATCH. Under the same immunity that you have right now?

Mr. POINDEXTER. That's correct.

Mr. HATCH. Well, would it be fair to say that the—let's go to that November Finding.

The November Finding that the President signed, would it be fair to say that that was hurriedly thrown together to satisfy the wishes of certain CIA officials at the time?

Mr. POINDEXTER. That's a fair description.

Mr. HATCH. Well, wouldn't one of the officials be the former Deputy Director of the CIA, John McMahon?

Mr. POINDEXTER. Yes, it was.

Mr. HATCH. He was not known as a strong supporter of covert actions, was he?

Mr. POINDEXTER. He was a very cautious man—is a very cautious man.

Mr. HATCH. And he wanted to make sure that this particular Finding was signed to protect him and his agency; is that right?

Mr. POINDEXTER. That was my belief.

Mr. HATCH. Well, you have stated that the November Finding was not a fully staffed Finding.

Mr. POINDEXTER. That's correct. It did not explain the whole initiative.

Mr. HATCH. What do you mean by that—that it was not fully staffed?

Mr. POINDEXTER. Well, for example, I had not had an opportunity to talk to the Attorney General about it, nor the Secretary of State, nor the Secretary of Defense.

Mr. HATCH. Well, it wasn't run by all of the parties concerned?

Mr. POINDEXTER. That's correct.

Mr. HATCH. And it wasn't run by all of the back-up people concerned?

Mr. POINDEXTER. That's correct.

Mr. HATCH. But the January 17 Finding was, I take it?

Mr. POINDEXTER. Yes, it was.

Mr. HATCH. That is what you call a fully staffed Finding?

Mr. POINDEXTER. That's correct.

Mr. HATCH. That indicates that this was far more than just an arms transfer to—for hostages?

Mr. POINDEXTER. It certainly does.

Mr. HATCH. I take it that once the January Finding was signed, that that made the November—excuse me—the November Finding somewhat superfluous, in your mind?

Mr. POINDEXTER. Yes, it did. In fact, I viewed this whole process of the three Findings as just that, a single process that started off with a first version, a second version and a final, third version. I really did not view—I viewed the December Finding as essentially being superseded by the January 17th Finding.

Mr. HATCH. I can see all the screaming and shouting about this, Admiral, if there weren't lots of documents indicating there were many other foreign policy objectives involved, including opening up that new relationship with Iran, of course, and improving our intelligence capabilities, preventing Russian control and hegemony in that area, negotiating a settlement to the Iran-Iraq war, protecting the northern tier states, the southern tier states, acquiring Russian

equipment, weaning them away from terrorism, and of course if we could get the hostages out, too, it would be wonderful.

All of those were legitimate foreign policy reasons, weren't they?

Mr. POINDEXTER. We thought so and I still think so.

Mr. HATCH. And all of those were discussed from time to time, along with some others?

Mr. POINDEXTER. That's correct.

Mr. HATCH. Finally, Admiral, let me just say this. There were mistakes made along the way. You've admitted those. There were errors in judgment. I think you may have admitted those, especially in the way you chose to respond to Congress and especially in the way that this matter was handled since November 6 of last year.

For instance, I can't understand for the life of me why you, the President, and others didn't get everybody in a room, lock the door and say what happened here? Let's get to the bottom of this, and resolve this problem.

Of course, people in a responsible position like yourself needed to do that—and, of course, I might add, the President, as well.

I think since you are or you have been in those responsible positions, you have to be prepared to take some of that criticism, and you've had plenty of it. But you've also done a tremendous amount of good work. You've done, just to mention a couple, Grenada, *Achille Lauro*—you could go on and on, because you have worked in this government for many, many years. Your wife, I am sure, has had to put up with long hours and long days, even on Sundays.

It seems to me it is a shame that we haven't come up with a way of speaking about the good that you've done, as well as the bad.

Now, in my opinion, Admiral Poindexter, you are a man of exceptional skills. You were trying to do what you thought was right and you thought was best, and I don't think you deserve or even need to go through the level of grief that this affair is really putting you through.

I think your lawyer is correct about the jeopardy this appearance puts you in. It is hard for me to see how, after the entire nation has heard your immunized testimony, how you are going to find a jury that will be totally impartial in this matter, if it comes to that—and I hope it does not come to that.

As we near the end of these hearings, I hope—and I am struck more and more by how terribly overblown this whole affair has been. We have elevated the art of beating a dead horse to new heights, it seems to me.

Still, I hope that we are going to learn from our mistakes and hopefully with the passage of history, I think that passage might itself work its own magic and our perspective on these issues will not be forever misplaced.

A lot has been said in these hearings that the end cannot justify the means. Unfortunately, I feel that there are many who came into this affair with a preconceived notion of where they wanted to go. They were bound and determined to find something terribly wrong here, no matter what the facts turned out to be. They will find something to condemn if they can and something to justify all of this effort that has been made and all of the millions that will have been spent between these committees and the special counsel.

That, in my judgment, is the end justifying the means in its most insidious form, because unlike what you were trying to do, which appears to me what you genuinely felt was in the best interests of our country's national security, the end some of these folks seek who have been watching and writing about this, it seems to me, is not similarly motivated. I don't believe it is.

And I believe what you did was at least well intentioned and what they are doing will not inure to the benefit of the American people but will inure to the detriment of the American people.

To a degree, Admiral, you are a means to their ends one way or the other. A wise jurist once said, "Any fact viewed with the appropriate degree of suspicion becomes sinister." That may sum this up here. I am afraid to some extent that happened here.

My favorite quote is by Soren Kierkegaard, who said, "To venture causes anxiety, but not to venture is to lose oneself."

When you are in this position, you have to venture sometimes. You have to take the risk and so does the President, and he took some risks here, and because of disclosure of a covert action he lost and you lost. And because of the overblown nature of this, our country is losing, and I think we ought to take heed.

I said last December if we would give limited use immunity and quit worrying so much about persecuting people and worry about getting the truth out and the facts, if we'd give limited use immunity to Poindexter, North, Secord, and Hakim, the 60 percent of the facts we got from the 90 hours of the Select Committee on Intelligence hearing—set of hearings—would have become 100 percent, and I think we could have done that within a month, maybe 2 months at the most, and not the 9 months it's become, or the approximate year by the time this process will probably be brought to a formal close.

I said it was in the best interests of the institution of the Presidency—forget about Ronald Reagan—the constitutional institution of the Presidency, our foreign policy, and our national security for us to do that.

Frankly, here we are today basically in that posture, except for Mr. Secord, who voluntarily came in and who probably, based upon some of the attitudes around here, is in the worst shape of anybody.

I want him brought back so he can explain some of these things. I believe he will be able to explain a number of them.

I believe what you and Colonel North and others believe, that here is a man who didn't have to give up his business, run all around the world, risk his life for what he did, without compensation. If he got some compensation, that may be all right. His problem is he said he forwent compensation, but so what? The fact of the matter is he didn't get a lot out of this except grief.

To venture causes anxiety, but not to venture is to lose oneself.

Mr. POINDEXTER. I like that.

Mr. HATCH. I like it, too. That really sums up a lot of what you've gone through.

A great neo-existentialist said, "Faith says yes in spite of the anxiety of no."

I think if you had and I will finish with this one comment, Mr. Chairman. I think—I have been interested in this business that

you believed that at the time if you had told the President he would have approved this. I don't think anybody is going to know really what would have happened then.

But I bet you right now if you knew what was going to happen and you had the benefit of the hindsight all of us do, and you were asked to do this again right now, you'd probably think twice about it yourself and so would the President.

So the fact is he may very well have said let's give it a go, this is that important, the Congress is not helping us, they are delaying up there when we could have help to these people. If those 15,000 Contras aren't helped, this whole hemisphere can have problems for the rest of the lives of—our own lives and the lives of our children and our grandchildren. And you were trying to carry out that policy.

Now, I have to say there are flaws here. The process was flawed. I choose to believe your testimony. I don't see why it shouldn't be believed, and I just want you to know that though the process was flawed, I believe you are well motivated in trying to do what you did.

Thank you very much.

Thanks, Mr. Chairman.

Chairman HAMILTON. Mr. Brooks.

Mr. BROOKS. Thank you, Mr. Chairman.

Admiral Poindexter—I want to thank the chairman first, because he's a great man.

Have you ever heard of a Syrian arms merchant named Monzer Alkassar?

Mr. POINDEXTER. I don't believe so. Doesn't ring any bells.

Mr. BROOKS. He's one that the senior editor of *Reader's Digest* said the police suspected that Alkassar is an arms supplier for terrorists and among his associates is the PLO's Abu Abbas, who masterminded the Achille Lauro hijacking.

Mr. POINDEXTER. I know that name. I just don't remember knowing Alkassar.

Mr. BROOKS. Would it disturb you to learn that one and a half million dollars was paid to this Alkassar out of the Lake Resources and ToyCo accounts controlled by Colonel North, General Secord, and Mr. Hakim, accounts which contain the proceeds from the Iranian arms sales and donations from American citizens?

Mr. POINDEXTER. Mr. Brooks, when you are buying arms on the Third World market—I haven't been in the business myself, but I understand that you often have to deal with people that you might not want to go to dinner with.

I don't know anything about the particular item you are discussing, but it doesn't particularly surprise me.

Mr. BROOKS. You testified that you agreed with Colonel North that the diversion was a neat idea because the Ayatollah's money was supporting the Contras.

Now, might not the terrorists think it was a pretty neat idea that their activities were being supported by our million and a half?

Mr. POINDEXTER. I don't know what we—I'm not sure of the facts or what we got for the million and a half. Presumably we got—General Secord got arms for that and——

Mr. BROOKS. That is the assumption from the documentation.

Mr. POINDEXTER. Yes.

Mr. BROOKS. He was just buying arms from him, it said.

Mr. POINDEXTER. I assume that that's what you were referring to.

Mr. BROOKS. That's right.

Now I'd like to ask you a couple of questions related to the Presidential Records Act of 1978. Are you familiar with it at all? I will give you a copy of the pertinent parts if you are not.

Mr. POINDEXTER. I'm not familiar enough with it to——

Mr. BROOKS. I'll send you down this copy and ask that it be made—entered as a committee exhibit.

Chairman HAMILTON. Without objection, so ordered.

Mr. BROOKS. First, Admiral, I would like for you to take a look at the Act's definition of "Presidential records." That is in Section 2201 on the first page, on the righthand side, about one-third down, I believe.

Mr. BECKLER. Give us a minute, Mr. Brooks, to look it over.

Thank you.

Mr. BROOKS. Plenty of time.

Mr. POINDEXTER. You said on the second page, 54?

Mr. BROOKS. 2201, in the Act's definition. The definition—did you look that over, sir?

Mr. POINDEXTER. I am reading it, Mr. Brooks.

Mr. BECKLER. Mr. Brooks, this is quite a long definition. Is there any particular part you would like us to focus on? This paragraph 1, 2, subpart (a), subpart (b).

Mr. BROOKS. Generally look at the subheadings.

The question I want to ask you is: Would you say that the December 5, 1985 Finding which has been signed by the President, which you have testified that you personally destroyed on November 21 of 1986, would fit the definition of a Presidential record?

Somewhere there it ought to be included, wouldn't you think?

Mr. POINDEXTER. Mr. Brooks, we are not going to be able to conclude, I don't think, whether it does or it doesn't. There is an officer on the NSC staff, an archivist, Ms. Reger, who handles such matters and a large portion of her time is devoted to answering questions as to whether a particular document was covered or not covered.

But for the purposes of this questioning and answering, let's assume that it is covered. I am not sure of that, but let's just make that assumption.

Mr. BROOKS. I would like you to look then at Section 2203 on the next page. It says that during his term of office, the President may dispose of Presidential records that no longer have administrative, historical, informational, or evidentiary value. But it doesn't say that Presidential records can be destroyed if some bureaucrat thinks they might be politically embarrassing.

As a matter of fact, 2203(c) requires the President to obtain the views of the Archivist of the United States before disposing of Presidential records, and that is on—you know, that is under part (c), 1 and 2 where you are supposed to check with the Archivist.

I wonder by any chance, did you call the Archivist before ripping that up and stuffing it in that burn bag?

Mr. POINDEXTER. Absolutely not, Mr. Brooks.

Mr. BROOKS. You didn't call him?

Mr. POINDEXTER. The thought didn't cross my mind.

Mr. BROOKS. It didn't even cross your mind.

Mr. POINDEXTER. Not at all.

Mr. BROOKS. I will bet it didn't.

Colonel North has testified that beginning in October of 1986, and right up until the day he was fired by the President from the staff on November 25th, that he undertook to destroy and alter records from the NSC files related to both Contra supply and the Iranian arms deal and you were his superior officer at the time, you were head of the NSC.

Did you authorize or instruct him to alter or destroy those records?

Mr. POINDEXTER. I don't believe I did, but I also don't think it is accurate to say that all—I don't know exactly what he destroyed, but based on his testimony, I would conclude that most of what he destroyed is not covered by this particular Act that you are talking about here. They are working records of the NSC, which in this context are different than the Presidential records.

The papers, for example, that I handled in my position as National Security Adviser fell in about three different categories. One, they were Presidential records; two, they were official NSC records; and three, they were personal or working papers.

Mr. BROOKS. You were aware that he did destroy some records, though?

Mr. POINDEXTER. After the fact, I understand from his testimony that he did.

Mr. BROOKS. Section 2202 of the Presidential Records Act states that, "The United States shall reserve and retain complete ownership, possession and control of Presidential records."

In 1978, Congress made a point of establishing the ownership of these Presidential records because a few years previously a President and his staff had tried to alter history by destroying some papers.

I would just want to conclude this section by saying that the value of the paper that you destroyed, that you destroyed and the other documents that Colonel North destroyed, what is at issue is not that value, but the effort of people like you and Colonel North to make the historical record conform to what you wanted it to be by tampering with that record, by altering it or destroying it and I think what you have done is to steal from the American people, this generation and future generations, their chance to learn what actually happened, what documents you were working with and what you all were doing, since you are telling stories that are very interesting.

And I think that in addition to being a potential offense, which we are not handling here, the action most certainly is an enormous betrayal of the trust that I thought you held with the American people.

I have a couple other questions——

Mr. POINDEXTER. Could I respond to that?

Mr. BROOKS. Admiral, you are welcome to respond. You have been responding beautifully this time.

Mr. POINDEXTER. I obviously don't agree with your interpretation. The problem was——

Mr. BROOKS. That is an understatement.

Mr. POINDEXTER. That particular version of the Finding taken by itself, which would have been done if it leaked out as has been done since I have testified about it, taken out of context presents a misleading picture to the American public and that is what I was trying to avoid.

Mr. BROOKS. I understand that is your viewpoint. Now admiral, it was your intention that Congress not know anything about the Iran arms shipment or the diversion of funds to the Contras; is that correct?

Mr. POINDEXTER. It was the President's decision to postpone notification to the appropriate congressional people the Finding until such future time as he decided it was appropriate. He has the constitutional and statutory authority to make that decision.

Mr. BROOKS. And you agreed with him?

Mr. POINDEXTER. I obviously did.

Mr. BROOKS. And it was also your intention that the President himself not know anything about the diversion; is that correct?

Mr. POINDEXTER. That was my decision.

Mr. BROOKS. In other words, you wanted to exclude all the elected officials from knowledge of some of the most important and far-reaching areas of foreign policy facing the U.S. Government.

Your plan would have vested the final authority for these decisions in yourself as a Navy admiral, working in a staff position within the White House appointed by the President, and is this not precisely the kind of thing that our Founding Fathers were trying to prevent when the Constitution placed the authority and the accountability for these decisions in both the Congress and the President?

Mr. POINDEXTER. Mr. Brooks, I don't agree with your interpretation of that either. I was a Cabinet level official and I had very broad authority. What we were talking about here with regard to the transfer of the residual funds to the Contras was not a major foreign policy decision by any stretch of the imagination. It was an implementation detail of a Presidential policy that is well understood by the American people.

Mr. BROOKS. Was it not a major policy of his?

Mr. POINDEXTER. The decision to support the Contras was a major policy decision, but I didn't make that decision.

Mr. BROOKS. You made the decision to give them the money and not tell him about it and you made the decision not to tell Members of Congress.

Mr. POINDEXTER. I certainly made that decision, but the President was aware that money was getting to the Contras from third countries and from private individuals. What we are talking about here in terms of the transfer of the residual funds from the Iranian arms sales was just like that.

For reasons that I have tried to explain, I decided not to talk to the President about that so he could distance himself from that particular decision.

Mr. BROOKS. On November 13—did you finish?

Mr. POINDEXTER. Yes.

Mr. BROOKS. On November 13, 1986, the President said, "As President, I have always operated on the belief that given the facts, the American people will make the right decision. I believe that is true now."

Now, Admiral, can you explain how the American people can get the facts if the President himself is denied access to those facts by his own staff?

Mr. POINDEXTER. I think the President is absolutely correct as the results of these hearings are understood by the American people. I think they do understand, and I think they are supportive of what we were trying to do.

I don't think the American people necessarily, unless it is to resolve this overblown issue that Senator Hatch referred to, the American people don't want to know those details of how the President goes about implementing his foreign policy.

Mr. BROOKS. But you didn't let the President make that decision. Admiral, you had an astounding——

Mr. POINDEXTER. Excuse me, Mr. Brooks—on the 13th of November, the President still wanted to withhold a lot of the details of the project, because we still felt that there was a possibility to get additional hostages out and we still thought there was a possibility to preserve the second channel.

Mr. BROOKS. Well, that is his problem.

Admiral, you had an astounding exchange, I thought, this morning with Congressman Cheney in which you contended that the President has not lost any credibility because, as far as you are concerned, he told the American people what he knew. Now, as you put it, that was part of your plan; that as long as the President accurately repeated just what he had been told, he would maintain credibility. But, admiral, the President of the United States is the spokesman for the entire Executive Branch of the U.S. Government.

He is going to be charged by the American people, our friends and enemies overseas, with knowledge of this government's activities whether he knew about them or didn't, and I find it incredible, really, that the Presidential staff thinks it can provide him with selected, edited knowledge of the facts, and somehow insulate him from responsibility for the government's actions.

If this relationship between a President and his staff is condoned, who will ever believe any President of the United States again—not the American people, not our friends, not our adversaries. Thank you, Mr. Chairman.

Chairman HAMILTON. The joint hearings will stand in recess for 10 minutes. When we return we will begin with Senator Mitchell.

[Recess.]

Chairman HAMILTON. The joint hearings will come to order. The chair recognizes Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Good afternoon, Admiral Poindexter.

Mr. POINDEXTER. Senator Mitchell.

Mr. MITCHELL. Good afternoon, Mr. Beckler.

Mr. BECKLER. Good afternoon, Senator Mitchell.

Mr. MITCHELL. Admiral, you said that in early December 1985 you presented to the President a Finding, which has been inter-

preted as describing the Iran initiative as an arms-for-hostage swap, and you said you were concerned about it because you felt it didn't completely and accurately describe the Iran initiative. You said the President read it and signed it, and then a year later you destroyed it.

When you tore up the Finding you did so, in your words, "without thinking about it." Now, am I correct that one of the things you didn't think about was whether your destroying that document was lawful?

Mr. POINDEXTER. That was certainly not part of the equation. I don't think that I implied earlier that I destroyed it without thinking about it. I simply didn't go through a complete analysis of all the ramifications of destroying it. One thought crossed my mind, at the time, and I took action promptly to get rid of it.

Mr. MITCHELL. I was merely quoting your words when you said, "and so without thinking about it, I tore the Finding up."

When you met with the President and he read and signed the Finding, did he ask you any questions about it?

Mr. POINDEXTER. Senator, I have tried to recall that conversation on the 5th of December. I can't. I just—I don't remember exactly how the Finding was presented to the President or what conversation ensued. As I have said, it did not represent a totality or a total description of the President's thinking.

It covered one aspect that had already taken place.

Mr. MITCHELL. Well, is it a fair summary of your current testimony that you specifically recall presenting it to the President, you specifically recall his reading it and signing it, you specifically recall that you had reservations about it, but you cannot recall whether you expressed those reservations to the President, whether he asked you any questions about it or indeed whether he said anything about it?

Mr. POINDEXTER. I don't recall that, and——

Mr. MITCHELL. Is that a fair summary of what your testimony is?

Mr. POINDEXTER. Well, but the way you placed it I think it is a little bit distorted. The reason I know that he signed it was that the paper I tore up in November 1986 had his signature on it. The President doesn't sign things without reading. Therefore, the items that I have testified on that I am sure of were based on some fact in my mind.

I simply—I have had hundreds of conversations with the President. I simply don't recall the details of that one, as well as a lot of other conversations.

Mr. MITCHELL. Thank you, Admiral. I want to move to another subject.

You were asked earlier why you didn't say last November what you said last week, that you made a deliberate decision to withhold from the President knowledge of your prior decision to divert funds from the Iran arms sale to the Contras. What I find most striking about your answer is not so much what you didn't say, but rather that you weren't asked about it, and I want to ask if I understood you correctly to say that you met with the President when you resigned, you met with Chief of Staff Don Regan, and you met several times with Attorney General Meese in the week immediately preceding your resignation, and that not one of them ever asked

you to explain your decision or whether you had told the President. Is that correct?

Mr. POINDEXTER. That is correct. There were three significant meetings involved of those that you have described. There was a short meeting with Ed Meese in my office on Monday, November the 24th. There was a meeting—well, there were four, I guess—the second meeting was with Ed Meese in his office the morning of the 25th.

Don Regan came into my office while I was eating breakfast. It was about a 5-minute conversation, and then I had about 5 or 10 minutes with the President, the Vice President, Don Regan, Ed Meese at 9:30 on that morning.

All these conversations were very general in nature, not any sort of inquiry or investigation or detailed questions, and I was not asked those questions.

Mr. MITCHELL. Did you ever discuss with any of those three men or with any other person what you would or would not say if asked about your decision approving the diversion and the President's knowledge of that diversion?

Mr. POINDEXTER. I was not asked and have not discussed that with anybody except my attorneys.

Mr. MITCHELL. So you have no agreement, arrangement, or understanding of any kind, express or implied in any way with any person regarding your testimony on your decision approving the diversion and your decision not to notify the President of that fact; is that correct?

Mr. POINDEXTER. You are absolutely correct. I have not had any such conversation.

Mr. MITCHELL. And you have no knowledge of any agreement, arrangement, or understanding of any kind, express or implied, regarding the testimony of any other person on any aspect of the subject matter of these hearings; is that correct?

Mr. POINDEXTER. None whatsoever.

Mr. MITCHELL. Thank you, Admiral.

Now, one of the purposes of this committee is to try to determine what happened and to lay the facts before the American people. A difficult part of that will be to reconcile, if possible, the many conflicts in the testimony we have heard.

You and Colonel North have been the two most knowledgeable witnesses, because you were at the center of these events. Perhaps inevitably, the record is filled with conflicts in your testimony with that of Colonel North.

I would like to mention just a few of those that I deem important and then I want to ask you, first, whether or not I have accurately summarized your aspect of the testimony, and then I want to ask you about the resolution of those.

Most significantly, in my view, is that Colonel North testified that he prepared and sent to you five memos which included references to the diversion of funds to the Contras from the Iran arms sale, each of which specifically asked you to brief the President and obtain his approval.

You have said that you cannot recall seeing those memos except possibly the one that survived, indeed just a short while ago, in re-

sponse to a question by Mr. Rodino, you said you didn't think the other four memos ever existed.

Excuse me?

Mr. POINDEXTER. Senator, I listened to Colonel North's testimony quite carefully. Because, for one thing, I knew that he would be aware of details that I was not; and so to help fill in the full picture, I thought that that was important.

I don't recall him testifying that positively that there were indeed five. That conclusion was jumped at by several members of the committee, but I don't think you will find in there any very positive statement.

Mr. MITCHELL. Really, there was, admiral. I was present, in fact, in his testimony under oath, he said five or six—he narrowed it down to the minimum.

Mr. BECKLER. I think if I may, Senator, comment as well?

From the record, there is a certain amount of ambiguity if you really looked at it as to the exact number that would mention that.

I am not sure if it was that clear. I think that is all the admiral is saying. We are not really here to dispute that point.

Mr. MITCHELL. OK. Thank you.

My time is running and I wanted to get through a couple of areas.

Colonel North testified that on November 21st, he assured you that he had gotten rid of all of the memos, referring to the diversion, whatever the number, and you say that you cannot recall any such conversation.

You testified at your deposition that you instructed Colonel North not to put anything in writing concerning the diversion. Colonel North denied that you gave him any such instruction, and he further testified that had he received such an instruction from you, he would not have prepared and sent several separate memos—I have five in my mind, but whatever number—for briefing the President on obtaining his approval.

Colonel North testified that you were aware that the chronologies prepared in November 1986 were false. You have said that you were unaware of any deliberate falsification.

Colonel North testified that at the meeting on November 20th, to prepare testimony for Mr. Casey to give to Congress, that you knew as well as he did that the testimony was wrong.

Colonel North testified that his PROF note to McFarlane in which he spoke of your request to him to prepare a memo for the President referred to the one surviving memo which mentions the diversion. You said that it didn't.

Colonel North testified that he told you no later than November 21st that he had destroyed documents. You have said that he didn't.

Colonel North testified that he discussed with Mr. Casey, Mr. McFarlane, and with you what Mr. Casey originally called and what Mr. North testified as the fall guy plan. You denied any such discussion.

Colonel North testified that on November 21st, he asked you whether you had told the President of the diversion and you said you had not. You cannot recall any such conversation.

Now, obviously, human memory is such that different people can and frequently do recall the same events differently, particularly with respect to minor details. But as the number and importance of conflict in testimony increase, so also does the likelihood that someone is not telling the truth.

Now, before I ask a question about these conflicts, if I have misstated your testimony in any way in this summary, it was inadvertent, and I want to give you the opportunity to correct it before I ask a question about it.

Mr. POINDEXTER. I think you have misstated my position in several aspects.

Mr. MITCHELL. In which respect? Why don't you state what would be the correct reference. I have got the transcript reference here, but why don't you go ahead and state in what respects you feel I have.

Mr. POINDEXTER. Senator, I think this tactic of quoting what Colonel North said and quoting what I have said without—and they are not direct quotes, they are your interpretations of what I said, is a highly unfair way to do it.

As you pointed out, people have different recollections. I have told you things that I can't recall. I am not saying that Colonel North didn't tell me those things on the 21st. I simply don't recall it.

Mr. MITCHELL. Well, that is what I said.

Mr. POINDEXTER. I don't think that necessarily is a conflict, just because I can't remember it.

I don't think I said that the April memo was not prepared as a result—or it wasn't the memo that Colonel North referred to in the one PROF note. It may very well have been. I just don't simply recall seeing it. And it isn't fair even to describe that memo as requesting the President to approve the transfer of funds. That is in a different section of the memo.

The memo was asking for me to get the President's approval on the first part of the memo, that part about the transfer of funds is in a background section.

It is pretty clear to me that when Colonel North wrote that he understood that was approved, and it was a reminder to me that that amount of money in his view would be available to be transferred to fulfill the objective that I had approved back in February of 1986.

Mr. MITCHELL. May I read you what it said on that PROF note, admiral?

Maybe perhaps it is that I read so many that some of them are running together, but what I said on that was Colonel North testified that his PROF note to McFarlane in which he spoke of your request to him to prepare a memo for the President referred to the one surviving memo which mentions the diversion.

Mr. POINDEXTER. But then what did you say I said?

Mr. MITCHELL. You said it didn't.

Mr. POINDEXTER. I didn't say that.

Mr. MITCHELL. You didn't say that?

Mr. BECKLER. Mr. Chairman, this is the exact problem I was referring to. This is our eighth day up here. We have nine coming up tomorrow. We had probably 600 pages of transcript and testimony.

Senator Mitchell is going to point out inconsistencies. I concede—I hope there are inconsistencies. There should be inconsistencies. That is what happens when there is no plan, when there is no plan to conceal, no plan to coordinate testimony.

There are inconsistencies. I wager for every inconsistency Senator Mitchell could show we can get these transcripts here and show 25 consistencies for every one inconsistency.

I say this is an unfair proceeding to go on and on with these inconsistencies over and over. Let's have facts elicited and questions and answers given, please.

Chairman HAMILTON. Counsel, all of the points that you have just made are points appropriately made by the witness, not by the counsel.

Mr. BECKLER. Mr. Chairman, I have—I have heard that said, that these are facts and questions and statements that can be made by the witness. That is true. But I want to say for this Congress to hear, this witness has a sixth amendment right to counsel. He has an independent counsel investigation underway for criminal activity where he is the primary target of an investigation. I said at the beginning, I have said it throughout these hearings, and I will say it again, and I will say it over and over and over, that I have a right to protect my client. Period.

Chairman HAMILTON. Mr. Counsel, I don't think you have ever heard a word from this Chairman——

Mr. BECKLER. I have not, sir.

Chairman HAMILTON. —or from any Member of this committee which denies you that right. And you will not.

Mr. BECKLER. Thank you, sir. I am not saying what the chairman is saying. I am pointing out—I have no complaint with the chairman. I am just pointing out out this line of questioning. I want to make that clear, Mr. Chairman.

Chairman HAMILTON. Your objection is noted.

Senator Mitchell?

Mr. MITCHELL. I will proceed to one final question.

I tried to summarize the testimony accurately. I have direct references to transcripts and documents with respect to each. I recognize there may be differences of opinion. I tried to do it in a fair manner.

If you felt it was not fair, I apologize for that. I don't want to be unfair to you or any other witness.

Let me ask you to concentrate on what is for me the most troubling, apparent conflict, I will say. That is with respect to these memoranda.

You have said that this was an important decision. Your counsel used the phrase "politically explosive" in describing it. You adopted that phrase subsequent to his using it.

Mr. POINDEXTER. He used it because that is the way I have earlier described it.

Mr. MITCHELL. Yes, right.

And I agree with Mr. Beckler that any two witnesses describing events over a long period of time, there will be many conflicts. I said that earlier.

The question we must judge—and this is something we have to do in the course of our proceeding—is to determine, and all persons

involved in proceedings which require an evaluation of testimony have to try to judge, at what point does the normal expected number of conflicts in testimony reach the level both in number of conflicts and significance that they indicate something else.

That is really what I was trying to get at. The one that troubles me most is the memoranda. It seems to me this is a very significant thing. You have accurately said, and no one disputes it, that the memoranda did not deal exclusively with the diversion, it was—the one surviving is a 5-page memorandum in which the diversion is only one paragraph.

The significance of it, however, was clear to the Attorney General's personnel when they went over and looked at it. The significance has been clear to you.

You used language to describe it as significant. It is difficult, at least for me—and I speak for no one else—to reconcile that Colonel North's testimony was that he prepared five of these, one for each transaction.

He was quite certain in that, that there were five proposed transactions, some of which did not go through, and he sent them forward for approval, and that you can't recall even seeing them.

Is there any way that we can reconcile that in your mind?

Mr. POINDEXTER. Senator, I think you have in exhibits memoranda that Colonel North prepared for various phases of the operation. Those exist.

They don't say anything about diversion. I have told you that I don't recall seeing any of the memos until the 25th. I did see the one that survived.

I very likely could have seen that in April. I simply don't recall seeing it. The one thing that I am positive about, and the thing that is important to you is that I made a decision in February of 1986, not to ask the President or tell him about this proposal. I decided to approve that on my own.

I made a very deliberate decision not to tell him, and frankly, whether the memos existed or didn't exist, I frankly don't think they did.

I think Colonel North may be mistaken on that point. He prepared, as you know, an awful lot of papers, probably more than any other staff officer on the NSC staff, and out of all those papers, I think he simply has forgotten.

I do not believe there were any more than that one, and I frankly had forgotten that. My operating assumption was that we didn't have anything in writing on it.

I had forgotten, for example, the PROF note that referred to $6 million. So in my mind, it was not a matter of telling anybody to destroy something.

I, frankly, didn't think anything existed.

Mr. MITCHELL. Well, thank you, admiral.

Mr. Chairman, if I might, I would like to make just a brief closing comment in the time that remains for me.

Admiral, you said that you deliberately withheld from the President knowledge of your decision to authorize the transfer to the Contras of funds from the sale of arms to Iran because you wanted to protect the President from political embarrassment if it were disclosed.

You approved the diversion within minutes after first learning of it. You sought no advice on whether it was lawful.

You also said that you deliberately destroyed a document, an important document, a Presidential Finding to spare the President political embarrassment.

You said that you didn't think about whether your action in so doing was lawful.

In explaining your actions, at least in part, you said on Friday of yourself and the other members of the National Security Council staff, and I now quote you directly, "Their only loyalty is to the President." "Their only loyalty is to the President."

With all due respect, admiral, I disagree with that. When you joined the staff of the National Security Council, you reaffirmed your oath of office. In that oath, you swore to uphold the Constitution of the United States.

Nowhere in the oath is the President mentioned, let alone the President's political interests. Yet, according to your own testimony, in making important decisions, you didn't consider the Constitution or the laws enacted under it. You based your decisions on what you believed to be the President's political interests.

One of the unusual features of the American system of government is that it combines in one person, the President, the duties of the chief of state and the executive head of government.

Most other countries separate those duties. One result of there being combined in our system is that, for many Americans, the political interests of the President are seen as identical to the national interests. This is not a problem unique to the current Administration.

You are not the first, you will surely not be the last Presidential aide to confuse those interests. But as a result of your making decisions based on your desire to protect the President's political interests, those very interests have been seriously damaged.

At the same time, at least in the opinion of some of us, the national interest has been damaged. If these hearings do nothing else, let's hope they remind all government officials that their first loyalty is not to any person and not to any office.

Their first and foremost obligation is to support and defend the Constitution and the laws of the United States. The Constitution and the laws. And if government officials remember that, they will best serve both the national interest and the President's political interests.

Thank you.

Mr. POINDEXTER. Senator, may I respond?

Mr. MITCHELL. You are free to do so. Certainly, admiral.

Mr. POINDEXTER. The President also takes an oath of office where he will support and defend the Constitution of the United States against all enemies foreign and domestic, I believe.

What I meant by saying my loyalty and the loyalty of the NSC staff was to the President does not preclude or in anyway supersede that oath of office that I took or the President took.

The job of the NSC staff is to assist the President and advise the President in carrying out his duties to support and defend the Constitution of the United States. That is exactly what we were doing. And I don't find that my expression of the loyalty of the NSC staff

to the President in any way abrogates the responsibilities that I took and the other military officers on the staff and those civilians with commissions took to support and defend the Constitution of the United States.

That is what this is all about. That is what we were trying to do.

Mr. MITCHELL. Well, I will simply say that your words were, page 77, line 1756, of the transcript, "Their only loyalty is to the President," and I suppose we will just on this and other things agree to disagree.

Thank you, admiral.

Chairman HAMILTON. Mr. Courter?

Mr. COURTER. Thank you, Mr. Chairman.

Admiral Poindexter, while I make a couple of brief remarks, if you could refer to exhibit 58. It is a memorandum dated September 15, 1986, from Oliver North to yourself. These hearings started out with the big question: Did the President know about the diversion of the residuals from Iran to Central America? Then when it became obvious that there was no one here to testify that the President knew, there was a shift of focus to Central America, and then in my mind, since the results of that particular proceeding and those hearings and those witnesses didn't go as well as some people would like, there has been a reshift of these with respect to the wisdom of the weapons sale to Iran. I think that is obvious today.

[The exhibit appears at p. 613.]

What I would like to do is just to review some of the record that in my mind supports the proposition that although I disagree fundamentally with the idea of selling weapons to Iran, that was clearly—and the record reflects it—was on the mind of yourself, Oliver North, and certainly the President of the United States.

First, in referencing exhibit no. 58, September 15, 1986, letter, I would like to read and then I am going to ask you a question on the third page about hostages.

It says, "Several weeks ago, Peres expressed concern that the United States may be contemplating termination of current efforts with Iran. The Israelis view the hostage issue as a 'hurdle' which must be crossed en route to a broadened strategic relationship with the Iranian Government. It is likely that Peres will seek assurances that the United States will indeed continue with the current 'joint initiative'. . . In that neither Weir nor Jenco would be free today without Israeli help, particularly in logistics, it would be helpful if the President would simply thank Peres for their discrete assistance."

It is obvious to me by reading that record of September what was on your mind, what was on Oliver North's mind—and possibly the President's—was the fact that he was concerned with the strategic initiative and not simply hostages for weapons.

I would like you to question whether that was on the Israeli minds as well as far as you know?

Mr. POINDEXTER. As far as I know, based on my discussions with Amiram Nir, who I believe is the only Israeli official that I talked to directly on the matter, the hostage issue was clearly a peripheral issue. Their main objective was to establish a better understanding and channel into the Iranian Government so that the West

could have some influence in Iran in the future. That was the major objective.

Mr. COURTER. Thank you.

You indicated that there was a Finding signed by the President in November 1986—November 1985, excuse me—and that that Finding was destroyed by yourself, and you said in your testimony that the reason you destroyed the Finding because it left the impression that all you were concerned with and the only thing the President was concerned with was arms for hostages, and I am just wondering whether another interpretation could be made of that Finding if one knew about the thinking of the President?

It seems to me that the law requires the President to sign Findings for covert activities, not for covert purposes, covert intentions, or covert strategies. And if that is the case, the Finding is not necessarily inconsistent with the strategic goals and initiative of the President and you, yourself.

The November 1985 Finding, even though you thought would be misinterpreted, in my mind is completely consistent with the strategic purposes as you testified; is that possible?

Mr. POINDEXTER. Oh, I think so. I think it is completely consistent. The trouble with it was and still is that it is open to misinterpretation.

Mr. COURTER. Now there was—I am referring now to exhibit no. 35, and your attorney can get it. It is the heretofore well-known, smoking-gun memorandum.

Mr. BECKLER. Is this in the classified exhibit book? We don't have the classified exhibit book down here, whoever has been bringing it down. We didn't get it for this session.

Mr. COURTER. The part I will read is not classified. The classified part has been blacked out. Thank you. I think my reading is not going to leave any doubt as to where I am going. I am on the first page of that memorandum.

Once again all this seems to be consistent, clearly, with the fact that you and Lt. Col. North and others in the administration, including the President, were interested in really a strategic breakthrough.

It said on the first page, "On February 20, a U.S. Government official met with the first direct U.S. Iranian contact in over 5 years. At this meeting, the United States side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on the arms transactions. It was emphasized that the hostages issue was a hurdle, which must be crossed before improved relationships could occur."

Then again, on the sixth page, and that is the page that has the recommendation boxes left blank, it says, "The ultimate objective on the trip to Tehran is to commence the process—the process—of improving U.S. Iranian relations."

Skipping down, "These discussions, as well as follow-on talks, should be governed by the terms of reference with recognition that this is hopefully the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship."

Now it is a rhetorical question you didn't have to answer it once again, in my mind, that indicates that paper record revealed that the President had the strategic relationship in mind and not merely the hostages. While I am on this memorandum, I would like to read it perhaps differently than some others have, and I know you have no recollection of receiving it, so it is not a question to you, but I urge my other members of this panel to recognize that Oliver North, if he was a lot of things, he was not sloppy, and he was not imprecise.

The memorandum under "Recommendation," states: "The President approve the structure depicted above under 'Current Situation' and the Terms of Reference of Tab A."

If you go to the entire document, it is broken into various parts. Number one is "Background." Number two is "Current Situation." Number three is "Discussion," and number 4 is the recommendation, and Number five is Tab A. So it seems to me that when Oliver North indicated that you review with the President the "Current Situation" and the 'Terms of Reference,' he was referring to those two things. And that it seems to me even if this memorandum had been read by you, digested by you, and checked approved, it would not be a smoking gun. You would have precisely done exactly what Oliver North had recommended to you; that is go over those two things with the President and not the entire memorandum.

Mr. POINDEXTER. That is correct, Mr. Courter. That is the point I tried to make a couple of times so far.

Mr. COURTER. Thank you.

Finally, I would like to say that it would be nice, it would be just wonderful, if we had a tape recording of the President of the United States very early in 1986, a transcript of same—stating what the President's real intentions were with the Iranian initiative way back in February 1986.

The point I am trying to make—and this is the first time, to my knowledge, it has been revealed—we have precisely that. We have a contemporaneous interview with the President of the United States and a nationally syndicated columnist, Dale Van Atta, who works with Jack Anderson.

That was reduced to writing, sent to Dale Van Atta, and I would like to read the comments of the President in an interview February 24th, 1986. I think the date is quite significant. It is in between the first two shipments from the United States to Iran. I have a transcript of the President's precise words here. I think it would be helpful to this committee.

Mr. Van Atta said, "I am going to move on to the next country, because we have limited time here. I am sorry I have to be so rapid. This is on Iran. For 6 years now, they have been waging a terrorist war against us, and there are at least 264 American bodies that can be—that can count on as being responsible for including, as we reported, William Buckley last year, whom they tortured mercilessly. I know there is still four hostages there now and that may preclude you from saying anything. If that does, and I were to agree not to run any statement you would make until after the hostages were home safely. What I would like is just your gut

feeling on what we need to do about Iran and what we should do about Iran."

The President: "Well, as you pointed out . . ." Van Atta interrupts. I guess we can interrupt you if he interrupted the President. "I can hold this until after the hostages are home," Van Atta says.

The President: "Yes, you hold it because unlike some of the—and I can understand their families' impatience in thinking nothing is going on because they don't see it out in front. We are doing . . ." Another interruption.

Question: "No. I am aware you are doing a lot on it."

The President: "Yes. We have been working every hour."

Question: "Very close at different times, too?"

The answer the President gives: "Yes, and investigating every possible opportunity to get them back so I can't comment very much, but, again, with your protection that this won't be done while they are there . . ."

Question: "What you say now we will not read until after the hostages come home."

And this is the President's response. I think it clearly indicates to him, if I can editorialize what was on his mind February 24th, 1986.

The President: "All right. The Iranian situation. We have to remember that we had a pretty solid relationship with Iran during the term of the Shah. We have to realize also that that was a very key ally in that particular area in preventing the Soviets from reaching their age-old goal of the warm water ports and so forth. And now with the take-over by the present ruler, we have to believe that there must be elements present in Iran that—when nature takes its eventual course—they want to return to a different relationship."

The President goes on, "so our conduct must be motivated on—we have to oppose what they are doing and what is going on. We at the same time must recognize we do not want to make enemies of those who today could be our friends."

That is the first time, to my knowledge, that we know there was a tape recording of the President, February 1986, which in my mind clearly indicates the President's intentions at that particular time.

I will allow you to respond, but let me just say the record reflects you are not in the room. The record reflects that Don Regan was there, Mr. Van Atta was there, the President was there and perhaps one other person. Would you like to respond to that?

Mr. POINDEXTER. I would just simply like to confirm that indeed the President did say those things. I was not there. In fact, I frankly had forgotten, I am not really sure I knew there was an actual transcript of that meeting. The President told me about his meeting afterwards, and I frankly was very nervous that he had told Mr. Van Atta an awful lot of information, and I just hoped that it would remain quiet, as it did, that they held to their word.

Mr. COURTER. Yes. I would like to say, as you indicated, that Mr. Van Atta and Mr. Anderson displayed, I think, the essence of responsible journalism. They were fully aware of a very sensitive initiative by the President, they themselves might have disagreed with it, but they sat on the story for a long period of time and com-

plied exactly with the request of the administration and the request of the President and my hat, obviously, is off to them.

They are very responsible individuals.

Mr. Chairman, I guess I have a couple more minutes before my time is up. Admiral Poindexter, were you aware of any shredded documents that you believe today would have a material effect on this investigation?

Mr. POINDEXTER. Well, I am not sure what documents Colonel North may or may not have shredded. I, frankly, don't know of anything significant that hasn't already come out in these hearings, and I think I have listened to most every session.

I think you have at this point a very accurate picture.

Granted there are conflicts between different people's recollection of events. But I don't know of any documents that ever existed that would shed any light on any aspect of this that hasn't come out already.

Mr. COURTER. Thank you, Admiral.

Mr. Chairman, as I wrap up, I would just like to say a couple of additional things, and that is on the issue of lives and lies. It is a very difficult theological, moral, ethical question, which thank goodness I have never faced. I have never faced that problem, never had to make them. I think people recognize the fact that if an intruder held a gun to your head and told you to call the police and say that no one was there, you would do it, I understand that situation, that is justifiable.

This past weekend when I was speaking to my Reverend, Frank Fowler, he told the congregation a story on the lighter side showing and demonstrating the same thing. There was a farmer had a truckful of farm animals and it went off to the side of the road.

The farmer was not driving the truck; he was watching it. As he was looking at his animals he noticed a cow was badly injured, so he had to destroy it. There was a horse that had broken its leg very badly, so he shot the horse and went up to the driver and said, "How are you?". The driver said, "I am just fine."

Let me mention one gratuitous thing, as well. The point was made, I believe, by Mr. Cooper that one being sworn in under oath does not enhance one's obligation to tell the truth.

I agree with that statement. I would also say that indirectly—I am not referencing this comment to anything you have said—if you want to respond, you can, but I think it is important for me to lay this on the record. It seems to me that indirectly misleading or hoodwinking the Congress by withholding information is as deplorable and as indefensible as misleading the Congress, by not telling the Congress the entire truth. That is the way I personally feel.

I am not sure that it applies to the factual circumstances. If you think it does, you can respond. If not, I want to thank you very much for your testimony.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

Admiral Poindexter, I want to start my questions to clear up a little confusion around the meeting of the 21st that you had with the Intelligence Committee. In the discussions that have taken

place in the last few days, reference has been made to your coming up on the Hill and speaking with the committee here.

The meeting on the 21st took place in the Situation Room of the White House, didn't it?

Mr. POINDEXTER. Yes, it did, and I believe I have testified that way.

Mr. STOKES. And that meeting was set at 7:30 that morning, wasn't it?

Mr. POINDEXTER. It was.

Mr. STOKES. Do I characterize that meeting properly when I say that you opened up the meeting at 7:30, that you talked, giving a chronology, from 7:30 until 10 minutes until nine? At 10 minutes to nine, you made note of the time, you said that you understood we had a meeting with Director Casey at 9 o'clock, and therefore there wouldn't be any opportunity to answer questions. Perhaps we could do this at another time.

Mr. Hamilton, the chairman of our committee, then, in his very gracious manner, thanked you for having invited us there and briefing us and all of us got up and left. No one had an opportunity to ask a question; is that right?

Mr. POINDEXTER. Yes, that is correct. I had a lot of information to put out, and it took me longer than I expected. There was no intent on my part to preclude your asking questions, but we would have had to have started earlier, I guess.

Mr. STOKES. You were there for 1 hour and 20 minutes.

Mr. POINDEXTER. Right, but there was a lot of information to put out.

Mr. STOKES. Is it fair to say that at that meeting you withheld information from us?

Mr. POINDEXTER. The only thing that was deliberately withheld was the transfer of the residual funds from the arms sales to the Contras.

As it turns out, I made some inaccurate statements, but that was not deliberate, and I was not trying to withhold anything. We had some uncertainties as to what all the facts were in the aborted HAWK missiles transfer. But I think I acknowledged that at the time and indicated that we were still looking into the matter and I would get back to the committees when we had more information.

Mr. STOKES. Now, this morning Mr. Cheney made reference to some of the leadership that was invited down on the 13th to a meeting. On the evening of the 13th I was in a group that was also invited down, Les Aspin on this committee—Senator Ted Stevens, Senator Strom Thurmond, and some others of us were invited down on the 13th and you gave us a briefing at that time—do you recall that?—in the same room.

Mr. POINDEXTER. Yes. I had forgotten about that, but I believe you're right.

Mr. STOKES. That's right. And at that time you withheld information from us, too, didn't you?

Mr. POINDEXTER. I think the meeting on the 13th, we were still in the process of trying to sort out all the facts. I believe that that was cast as a general briefing to go over the highlights of the project. We didn't have all that much time. And it wasn't a matter of deliberately withholding anything from you. There may have

been a problem as to what we knew at the time or what we had recalled at the time. But that was a much more general briefing, knowing that there would be further briefings as time went on.

But I do admit readily that I was withholding the information about the transfer of residual funds. Any other errors that may have been committed were either due to lack of time or lack of recollection, at least on my part, of what I—what may have been left out.

Mr. BECKLER. Mr. Congressman, is there any memo that was prepared by anybody at the meeting that would help us refresh our recollection as to what was said?

Mr. STOKES. I think he just referred to the meeting. He remembers the meeting.

Mr. BECKLER. There have been other briefings——

Mr. STOKES. Exhibit 76, counsel.

I am not going to ask any further questions about it. I really wanted to characterize what had occurred at those two meetings.

Let me refer, counsel, to page 77, Friday, July 17th's transcript. That is the morning session.

Mr. BECKLER. Seventy-seven.

Mr. STOKES. Do you have that?

At the top of the page, page 77, the morning session.

Mr. BECKLER. I have it. In fact, I have it open, because this is the same page that Senator Mitchell was referring to in his quote. It is part of a larger answer.

Mr. STOKES. At the beginning of that page, I want to read from it, Admiral Poindexter testifying, saying

> . . . now because the cost of failure is very high, the bureaucracy is not willing to recommend, often recommend, or certainly endorse high-risk operations because of their fear of failure and the resulting harangue that comes about because of failing. Therefore they don't make those kinds of hard options available to the President, and I think one of the roles of the NSC staff has got to be to bring these options to the President.

Then it goes on further.

Mr. BECKLER. In fact, it would even be helpful, if you could, to continue that answer.

Mr. STOKES. Counsel, I'm going to read the part that predicates my question. He can read whatever he likes.

Mr. BECKLER. Thank you, sir.

Mr. STOKES. This is you speaking, Admiral Poindexter. You are talking about the necessity to bring these options to the President.

Tell us, sir, in light of your experience, your role as adviser to the President, your statement here that these options are those of the President—tell us why you prevented the President from exercising the option with reference to diversion.

Mr. POINDEXTER. Mr. Stokes, I have already answered that question numerous times. You want me to repeat it?

Mr. STOKES. I think you have answered it from the viewpoint of saying to us you did it to provide him with deniability. I don't think that deniability is something, admiral, that you necessarily give him. If he had known nothing about it, he would be able to deny in the first sense because he knew nothing about it. You don't necessarily give him deniability simply because you say you didn't

tell it to him. He had deniability regardless of what you did, as long as you didn't tell him.

Mr. POINDEXTER. That's right.

Mr. STOKES. So why did you prevent him, the President of the United States—you are the adviser, you are not the President of the United States—why did you prevent him from making this decision?

Mr. POINDEXTER. At some future time I thought it might be useful for him to be able to distance himself from that decision on implementation of his policy.

It was clearly, in my mind, within my authority to make that kind of decision and, as I have testified, all the reasons why I decided to approve it, and that is the end of it.

Mr. STOKES. Admiral, let me ask you this. Either before you resigned or subsequent to your resignation, has anyone in the administration at any time discussed with you the question of congressional immunity or Presidential pardon?

Mr. POINDEXTER. Certainly not a Presidential pardon. We never did request congressional immunity. Other people discussed that. I haven't discussed it personally with anybody.

Mr. STOKES. Admiral, are you aware of or have you ever been told of a meeting which occurred on the 16th of December in the White House, before the independent prosecutor was appointed, where a discussion took place between Attorney General Meese, Don Regan, and the President regarding giving you and Colonel North either congressional immunity or a Presidential pardon?

Mr. POINDEXTER. I don't know anything about that, Mr. Stokes.

Mr. STOKES. Admiral, you have on several occasions said that "if this whole matter ever leaked out, I was prepared to resign."

Tell us, Admiral, how did you know that if it did leak out, that you would be permitted to resign, as opposed to being fired, as Mr. North was?

Mr. POINDEXTER. I didn't know that.

Mr. STOKES. You did not know that?

Mr. POINDEXTER. I did not. That was an assumption on my part.

Mr. STOKES. Admiral, I have listened carefully to your testimony and that of Colonel North about the covert operations that he directed from the NSC. It has occurred to me that this testimony has likely given the American public a false impression of how covert operations are normally conducted by the United States.

First of all, normally covert operations are conducted by the Central Intelligence Agency; isn't that true?

Mr. POINDEXTER. Normally. It is not a requirement, but normally.

Mr. STOKES. The reason for it, Admiral, is that they are the professionals, that is one of the responsibilities of the Central Intelligence Agency and they have been doing it for the United States since World War II.

Mr. POINDEXTER. But they do not have a monopoly on the expertise to do that, Mr. Stokes.

Mr. STOKES. You say they don't have a monopoly on it. Had you or Colonel North ever conducted covert operations before?

Mr. POINDEXTER. I had not. I'm not certain about Colonel North, but certainly Director Casey has been heavily involved in covert operations going back to the Second World War.

Mr. STOKES. I am talking about you and Colonel North. You were carrying out this covert action. Director Casey wasn't carrying it out, was he?

Mr. POINDEXTER. I disagree with that. The Finding was addressed by the President to the Director of Central Intelligence. He chose, with my agreement, to use Colonel North heavily in that operation. Members of this commitee and other Members of Congress and the press have insisted from the beginning this was some sort of NSC harebrained scheme operated out of the basement of the White House.

That simply is not an accurate description, and I frankly resent your characterizing it that way.

Mr. STOKES. I haven't characterized it that way. What did I say to characterize it in that way?

Mr. POINDEXTER. You just said that it was an NSC covert operation. It didn't have anything to do with Director Casey. That is what I understood you to say.

Mr. STOKES. I don't think I said that at all. I said you and Colonel North were carrying out an operation in which neither one of you had had any previous experience in covert operations. That's true, isn't it?

Mr. POINDEXTER. That is the point I take exception with, describing it as a covert operation that Colonel North and I were carrying out. I was involved with the decision to go ahead with it. I was involved with coordination with Bill Casey, but it is not accurate to describe it and thereby discredit it by saying that I didn't have any experience conducting covert operations.

I don't think that is relevant.

Mr. STOKES. Would you agree with me, Admiral, that when the CIA conducts covert operations that it regularly reviews its activities to ensure that they are legal, and no such review was conducted with reference to your covert operation?

Mr. POINDEXTER. Are you talking in general terms of the Iranian project? What exactly are you talking about? Maybe that is our disconnect.

Mr. STOKES. I am talking about the covert actions. I understood that the Iranian operation where funds are being diverted to the Contras in Central America and the Central American operation, where resuppying of the Contras—those were covert operations, were they not?

Mr. POINDEXTER. That is correct, and I don't know whether the CIA reviewed periodically the legality of the Iranian project. I suspect they did. The General Counsel of the CIA was involved in preparing the Finding.

Mr. STOKES. No, Admiral, let me try to clarify it, if I am confusing you in some way I didn't intend to. What I am saying to you is, under operations conducted by the Central Intelligence Agency of a covert nature, they regularly review those operations with their lawyers in order to be assured that they are complying with the law. I am saying to you, your operation was not so reviewed for its legality.

Mr. POINDEXTER. You are talking about the transfer, that portion of the project that involved the transfer of residual funds to the Contras. Is that the point you are trying to get to?

Mr. STOKES. Yes, let's just talk about that.

Mr. POINDEXTER. That was not reviewed to my knowledge. As it turns out, unbeknownst to me at the time, Colonel North has testified that he did discuss it with Director Casey, who also happens to be a lawyer and a very good one, but I was unaware of that at the time.

Mr. STOKES. The CIA was not part of the Contra support and resupply covert operation in Nicaragua, was it?

Mr. POINDEXTER. That is correct, they weren't.

Mr. STOKES. That was a covert action run solely by Colonel North, wasn't it?

Mr. POINDEXTER. It was a secret operation. I would not characterize it in the way that you are trying to, using what I believe is your definition of covert activity as a substitute for the statutory language of special activity.

Mr. STOKES. Thank you, admiral. Thank you, Mr. Chairman.

Chairman HAMILTON. We will conclude this afternoon's session with Congressman Aspin.

Mr. ASPIN. Mr. Chairman, let me just—Admiral Poindexter, I would like to follow up a little bit on some of the things that Congressman Stokes was asking about, but basically let me start by saying that I have been spending some time looking at the numbers here of the amount of aid that the Contras were getting at various times, and I come to the conclusion that we are missing something, that there has got to be another source of funding for the Contras other than those which this committee has so far identified, and I would like you to try and help us if you can. Let me just explain what we've been doing.

Working with several members of the staff, what we did was lay out a chart, kind of a spread sheet, where you take the dates across the top—1983, December—all the months in 1984, 1985 and just—there isn't one up on the chart anywhere here—and then down the side listed all of the various sources of funds. First congressionally approved sources, appropriated money; next, third country sources; next, private donations; finally, diversions, all of the various sources down the side. And then you plug it in and see how much money the Contras had at various points over the history of the United States helping them.

And the results are very interesting. But what it particularly shows is that there was a big gap in funding, and I don't know what was plugging that gap at the time in which it occurred. Have you—Admiral Poindexter, are you aware of how much, what the actual numbers were, what you would need to keep a—the Contras going, keep body and soul together, what was the number that you thought you needed, the monthly amount that you needed to keep the Contras going from all sources?

Mr. POINDEXTER. My recollection is that Colonel North's estimate of that was about a million dollars a month, and that—of course, the number depends very much on whether the Contra force grows or doesn't grow. There were many more people that were willing to join the cause if they could have been equipped and armed.

But my recollection is the thumb rule, at least I have in my mind, was about a million dollars a month to sustain them without making large reductions in the number——

Mr. ASPIN. And that is based upon a size force of what?

Mr. POINDEXTER. Oh, I would guess something in the neighborhood of 10 to 15,000, something like that.

Mr. ASPIN. So if it is 10 to 15,000, that is less than a hundred dollars a month?

Mr. POINDEXTER. That doesn't give them the amount of money to conduct a lot of operations, but to sustain them.

Mr. ASPIN. Because if it is 10,000 a month, 10,000 divided into a million dollars, you get about a hundred dollars a month. It has to be more than that. You say you think it is a million dollars?

Mr. POINDEXTER. I haven't thought about this in a long time, but my vague recollection is that Colonel North used to talk in terms of about a million dollars a month. That was again—that is a minimum. That is a subsistence level, sort of.

Mr. ASPIN. Really. I know that at the time the Contras were not moving outside of Honduras because they didn't have the funds for ammunition to conduct operations.

Mr. POINDEXTER. It was more than just lack of funds, I think. The problem was that when the Boland Amendment prohibited the CIA from running the logistics operations, the problem was the difficulty in establishing a new supply system that would drop supplies in country.

Mr. ASPIN. So that would be all included, of course, in the million dollars a month, or are you counting that on top of that?

Mr. POINDEXTER. Well, I don't know. I just—it has been a long time, and I don't recall whether the million dollars included the logistics support or whether——

Mr. ASPIN. The point is that if you lay out the figures and look at it you will find that on the average, up until February of 1986, the average amount of money was $3.4 million dollars a month for the Contras, the average from all sources. You fold in the amount of money coming from the Third World countries, from the private donations, from the government coming in, going out. It worked out to about $3.5 million dollars a month.

Then for the next 8 months the money drops off precipitously, and from all sources we are talking about—you know, you separate out the amount of money going from the diversion and the amount of money going to the Southern Front and all of that, you are talking about $3 million dollars, less than $3 million dollars, from all sources going to these—this operation, for a total of an 8-month period.

So from going from $3.5 million dollars a month, it suddenly went to $3 million dollars for a total of 8 months.

Mr. BECKLER. Mr. Aspin, it might help—could you give us the amount that you came up with for the diversion?

Mr. ASPIN. The diversion was depending on how you calculate it either $2.4 or $2.7.

Mr. BECKLER. —$2.4 or $2.7 million—less the amount going to the Southern Front.

Mr. ASPIN.——

Mr. BECKLER. Overall?

Mr. ASPIN. Overall and less the amount going to the Southern Front and plus you have got some money coming from the other sources. I don't now how much of this is classified—but anyway it comes out to—and I don't know where the money is coming from. I must say that Mr. Calero seems to be right. I mean he testified that he didn't see it, and I don't know where this money came from.

I mean, I don't know what was keeping body and soul together, which is the claim of the whole operation was we were keeping body and soul together. I don't know where body and soul was kept together. I think you have got to be—somewhere in the whole operation there has got to be another source of funds somewhere for the Contras, and I don't know what that is.

Admiral, do you have any idea of any other sources of funds for the Contras?

Mr. POINDEXTER. No. Other than what I have testified to. I don't know of any other source. I would just make one comment. That due to the uncertainty of future funding, I think as you understand with guerrilla forces, there is a tendency to conserve material when a future source of funds is uncertain.

I suppose that could partially account for the high expenditures earlier.

Mr. ASPIN. That doesn't help in this case. Because on February of 1986, Admiral, Colonel North has testified that they were down to $90,000, total. This was to buy current foods and that kind of thing; and that does jibe with Mr. Hakim's number.

Mr. Hakim's number, if you look at those numbers, they were down to $92,534. So all of the testimony shows and is consistent with the fact that they were really flat broke in February of 1986.

It was really desperation time, but desperation time does not seem to have been offset by any other source of funds.

I am puzzled as to where they got the money. I think there has to be some other source of funds that we—we, meaning this committee, have not yet uncovered.

Mr. POINDEXTER. Well, I don't think I can help you there. I don't know of anything else.

Mr. ASPIN. Let me ask you this: Why wasn't it more, if this was such desperation time? Why wasn't there more agitation on behalf of people like yourself and like General Casey to get money to them?

We have discovered this—who was it? Somebody was going over it this morning, I think Senator Trible was going over the fact you had a lot of money in these accounts of these people like Mr. Secord and Hakim's accounts, and others.

I mean, if they were such desperation times, and as you say, you were terribly annoyed at Tip O'Neill at delaying the $100 million coming from Congress, it seems to me that one logical place you could have looked to get some money, and there sits $8 million, is this account from Mr. Hakim and Mr. Secord.

I am really puzzled by this as to why there wasn't more agitation on your part and Mr. Casey's or other people who might have had some influence on this to get that money to the Contras?

Mr. POINDEXTER. Of course, as I have testified, I was not aware of how much money Mr. Hakim might have available. Of course, the

reason that I approved the recommendation that Colonel North brought to me in February of 1986, was that he had convinced me through his reports that indeed the Contras were flat broke and needed money to survive until we could get the hundred million dollars. That is consistent with what you have said and that was why I approved it.

Now, with regard to how Colonel North, General Secord, and Mr. Hakim followed up on that, I simply—I depended on Colonel North to keep track of how that was going. He didn't come back to me and say we needed more, and I suppose that is why I didn't raise a greater level of concern. I thought it was being taken care of.

Mr. ASPIN. I don't know. It does seem rather peculiar that you had the attitude that you thought it was being done, that you needed a certain amount of money, but it never seemed important enough to you to inquire as to how much was getting there.

It apparently, I take it from what Colonel North said about Mr. Casey's concern, that he wanted to buildup the assets of the operation first before giving so much money over to the Contras.

So here is the darkest days, and you are sending that message-up to Congress wanting them to vote for the hundred million.

Great anger at Tip O'Neill for throwing a lot of sand in the works to getting the hundred million. Yet very little interest in looking at this logical place for money for the Contras.

It just—I find it very difficult to understand.

As I say, I think based upon the record, the Contras would have needed in that period somewhere on the order of $24 to $28 million dollars. I think they got three. If they had got the Hakim-Secord eight, they could have gotten eleven. That would have helped some of the way.

On the one hand, being of a suspicious mind, I think people aren't worried about this $8 million in the Secord account because maybe you knew about some other funding that the Contras are getting.

Again, I come back to the question of where the Contras are getting the money to keep body and soul together while there was no money from any of these sources.

I don't know what they were. It is clear that this arms-for-hostages deal with Iran did not produce enough money to keep body and soul together.

That, you look through these numbers and come flat out to the conclusion that the idea that somehow the arms-for-hostages deal, whatever we might say it produced enough money to keep the Contras going during the dark days, didn't do it at all.

Did not do it at all because a lot of the money out of $16 million that might have ended up with—you end up with some very, very small amount of that money actually going to the Northern Front of the Contras; only about $2.4, $2.7 going to the Contras in total.

Others, as you pointed out, others might have gone there sometime. During the dark days, it wasn't there. Secord and Hakim were sitting on the money and if they didn't give it over—they didn't give over the $8 million during the dark days, I don't know why you would expect they were going to hand it over during the fat days after the hundred million dollars that Congress approved started to roll in.

And so I find the whole puzzle very difficult to figure out.

Thank you, Mr. Chairman.

Chairman HAMILTON. The Chair has several announcements.

All hearings this week will be in this room, room 2172 of the Rayburn House Office Building.

Next week, the hearings will be in the Senate Caucus Room.

The committees will announce not later than tomorrow morning the schedule for the balance of this week and for the following week, including the witness lists.

And finally, because of a Senate roll call vote at 9:00 a.m. tomorrow morning, the hearing will begin at approximately 9:15 tomorrow morning.

The joint hearings stand in recess until 9:15 tomorrow morning.

[Whereupon, at 5:05 p.m., the Select Committees recessed, to reconvene at 9:15 a.m., Tuesday, July 21, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of John M. Poindexter

TUESDAY, JULY 21, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
AND
SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:20 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings of the two Select Committees will come to order.

The Chair, without objection, will enter into the record exhibits JMP-11 through 85 and JMP-90 through 113.

The Chair recognizes the chairman of the Senate Committee, Senator Inouye.

Chairman INOUYE. Thank you very much.

I am pleased to recognize the gentleman from Alabama, Senator Heflin.

CONTINUED TESTIMONY OF JOHN M. POINDEXTER, FROM JULY 20

Mr. HEFLIN. Admiral Poindexter, I don't think there is a dispute that the Iran-Iraq war is a serious war and that it is in a region of the world both politically and militarily that is a powder keg.

We have heard a great deal that in the event that Iran were to win the war, there is the potential of the unification of some radical fundamental Moslem groups, particularly the Shiites, throughout the entire Mideast, not only in Iraq, but other Mideastern countries. And in regards to the arms sale to Iran, did anyone seek the advice or the input of the chairman of the Joint Chiefs of Staff or a top military man as to the decision as to whether or not we should sell arms to Iran?

Mr. POINDEXTER. Senator, no, we did not. The Secretary of Defense was fully involved in the decision, and he certainly had the opportunity to talk to the chairman if he wanted to.

But I think it is important to point out that in the decisions that the President took as to the quantities of arms and the type of

arms, we were very careful to adjust both of those items so as not to have an impact on the war.

For example, other kinds of weapons were requested with which we would not agree, and as I have testified yesterday, a big part of our objective in talking to the Iranians about the longer term interests of the United States and of Iran as we saw it was to convince them that the war with Iraq was a useless proposition that should be brought to an end as soon as possible.

We pointed out to them the threat that we saw from the Soviet Union on their northern border, the fact that the Soviets have contingency plans and train for an invasion across the border, and in our view there wasn't any way the Soviet Union could allow Iran to win the war against Iraq and we were very straightforward with them.

We told them that we didn't want them to win the war and we didn't want Iraq to win the war, we wanted a negotiated solution in which the territorial boundaries of both countries were preserved.

Mr. HEFLIN. It is my understanding that Admiral Crowe, the top military man and Chairman of the Joint Chiefs of Staff, found out about the Iranian arms sale by accident in late June or early July of 1986, and this would have been after five of the six arms sales to Iran had occurred.

With all of the relationship between Russia, the effect in the Mideast, in retrospect, do you not feel that our top military man, the chairman of the Joint Chiefs of Staff, should have been consulted relative to the decision to sell arms to Iran?

Mr. POINDEXTER. Well, Senator, Bill Crowe is a very good friend of mine, and I hold him in very high regard. But frankly, on this issue, I thought that it was up to the Secretary of Defense, Cap Weinberger, to make the decision whether to bring him in or not, and I did not try to influence Secretary Weinberger one way or the other on that particular point.

Mr. HEFLIN. Well, because of the importance of the military to decisions that are made pertaining to wars, in which other countries are involved, do you not feel that the chairman of the Joint Chiefs of Staff ought to be a member of the National Security Council?

Mr. POINDEXTER. That is a very good question, Senator. And I am not sure that I really am prepared to answer it. The Chairman of the JCS as I think all of you understand, is a statutory adviser to the National Security Council. The only statutory members are the President, the Vice President, the Secretary of State, and the Secretary of Defense. The Chairman of the JCS and the Director of Central Intelligence are statutory advisers.

Now, whether they are elevated to the position of statutory members or not I am not really sure where I come out on that. I have thought about it some, but I don't think that I personally reached any conclusions. We have opposed, this administration has opposed in the past, the addition of other cabinet officers or agency heads as statutory members. I frankly think that in the end I probably come out thinking that you need to leave the Presidency latitude as to who he is required to consult with.

You clearly in the Secretary of State and the Secretary of Defense and and the Vice President—you have a situation where you have two officials that are elected by all of the people, and two officials that control the two major departments of the U.S. Government that are involved in that security.

I guess in the end, with a reservation that I might like to think about it and change my mind later, but right now I think I would prefer to see it left the way it is.

Mr. HEFLIN. I don't intend to argue or get into a long discussion on this, but the reliance upon the National Security Adviser, the President on military matters, particularly land activities and land wars, that if you rely upon the Secretary of Defense you have a mixture, first of civilian, second a person who may look at matters from a political viewpoint, and who may have a conflict between military preparedness and political viewpoints.

So I think it is something that this committee and other committees of Congress, as we study it, should give some consideration to.

Mr. POINDEXTER. I agree with you, Senator. I think it is an important issue that needs further study.

Mr. HEFLIN. While there was not delivered 4008 TOWs, at times there were plans and I believe when the decision was made that number of TOWs—do you feel that 4008 TOWs would not have had a material bearing on the outcome of the Iraq-Iran war, where Iran has a great number of foot soldiers, and the fact that Iraq has fewer, much fewer foot soldiers, but depend upon tanks relative to their military efficiency?

[Counsel conferring with witness.]

Mr. HEFLIN. I didn't know that your lawyer was a military expert in regards to this question.

Mr. BECKLER. Three years in the Navy.

Mr. POINDEXTER. He is a man for all seasons, Senator.

Senator, we were convinced that the number of arms that we were talking about would not have a decisive impact on the war. Now, remember what we have always said—we don't want either side to win. We don't want Iraq to win either, frankly. We would like to see a negotiated settlement that preserves the territorial integrity of both countries and there has been some concern that Iran might lose.

So it was a very careful balancing game. One of the reasons that the President agreed to provide some very limited intelligence to the Iranians was to convince them that it was a futile effort in the war with Iraq. You must recall that Iraq started this war by an invasion across the border after the Shah died when Saddam Husayn thought that he had an opportunity for some easy win. Now it is true that since that time, some 6 or 7 years ago, that Iraq has indicated they would be prepared to end the war and Iran has been the one that has refused to sit down at the negotiating table, and one of our objectives as borne out by the Terms of Reference for Bud McFarlane's trip to Tehran was to convince Iran that they couldn't win the war because of what we saw as Soviet interests in the area, and to bring the war to an end, and I think that especially with the second channel we were beginning to have some impact on that.

Mr. HEFLIN. Considering a worst case scenario, which should have been considered, in my judgment, in staff planning for the selling of 4000 TOWs, if you had a massive battle in which a large number of tanks, if 5 to 1 TOWs, one out of the five could have crippled or caused some damage, serious damage to a TOW, or 1 out of 10 TOWs could have been effective, out of that number, on 1 to 5, you might have had some damage to as many as 800 tanks or 1 to 10 to 400 tanks, which could show that at least in 20 to 1—on 4000 TOWs it would appear that they could have had some type of effect relative to the Iraqi tank corps.

Was that worst case considered?

Mr. POINDEXTER. Yes, sir. I think that the worst case was indeed considered and it was our judgment that it would not have a decisive impact. Also I should point out that the United States is obviously not the only country in the world that has supplied arms to Iran. Iran has been able to carry on the war with Iraq for a very long period of time. And so to some extent if they hadn't had obtained the weapons from us, they would have obtained them elsewhere. Obtaining them from us this way we felt gave us some influence at least within some elements of the Government to have an impact.

Mr. HEFLIN. Let me ask you a little about the decision and the question of depletion of our various HAWK repair parts and of TOWs, but particularly HAWKs. It is my understanding that there was afterwards an Inspector General investigation on the question of readiness and that their figures came up that in regards to repair parts, replacement parts, there were 234 line items that were listed, and of that there were something like 15 of the parts would have been a total 100 percent depletion of our U.S. inventories, in excess of 50-percent depletion for 11 repair parts, and less than 50 percent, but still enough to be classified as significant depletion, for 20 parts.

Now, at the time that the decision was made relative to the supplying of the HAWK parts, was any consideration given as to the effect on readiness of the U.S. at that particular time?

Mr. POINDEXTER. I don't believe so, Senator. On the other hand, Secretary of Defense Weinberger did not raise that issue with me or the President as that it was a problem that he was concerned about.

Mr. HEFLIN. Now in regard to the evolution of the Finding from December, the 5th, to January 17th, 1985, to January 17th, 1986, you have said it required a good deal of staff work, and you felt that it ought to be in the law to straighten it out. I just wondered if at that particular time—considering that the new strategic opening with a moderate element in Iran was one of the significant reasons—if at that particular time was any staff work required as to how many arms sales might be required before the achievement of a significant relationship with the moderate element would have to occur?

Mr. POINDEXTER. We didn't have a good enough crystal ball, Senator, to predict exactly how that was going to go. We had a rough idea of how far we were willing to go, but it was more qualitative than quantitative.

Mr. HEFLIN. You went to some consideration of that?

Mr. POINDEXTER. Oh, yes.

Mr. HEFLIN. All right. Now, as the matter progressed and it was relative to this moderate element, was any followup done on staff work as to timeframe, whether or not the demands would increase; for example, would we be called upon at a certain stage to supply Stingers if we were going to be able to arrange some type of a Summit between the Vice President and the Speaker of the House over in Iran—was any consideration given as to how far this might go and to the extent that we might be involved relative to the type of weapons and to the amount of weapons and to the number of sales that might be required to achieve this goal?

Mr. POINDEXTER. Senator, as has been testified to both by me and others, the major objective of this phase was to establish a reliable channel into the Iranian Government to set up—essentially to set up the process. In November, when Mr. McFarlane's trip to Tehran was exposed, we had just about, in my view, reached the point where we had set up the process. It would have required numerous additional meetings, and as I have testified earlier this week, we would have involved State Department representatives and a future high-level meeting, as has been described, would have been quite a distance in the future. And so a lot of the items that you are talking about, really, we didn't get to the point of having to address those. Certainly if we had continued without exposure, we would have addressed that issue.

Of course, our major objective was to end the war, and we thought we were having some impact on that. And so whether there would have been these additional sales is highly speculative.

Mr. HEFLIN. One final question, as I see my time is up.

At the time that the decision was made to sell the arms and to pursue this strategic opening with the moderate faction in Iran, at that time was any thought given that the success of this mission was almost at that time entirely dependent upon first the effectiveness of Ghorbanifar, and, second, the reliability of Ghorbanifar?

Mr. POINDEXTER. I think I missed part of your question.

Mr. HEFLIN. Well, at the time the decision was made, was any thought given that at that particular time that if you were going to be successful in the mission that it was largely dependent upon the effectiveness of Ghorbanifar and the reliability of Ghorbanifar?

Mr. POINDEXTER. You are talking about the decision in January——

Mr. HEFLIN. The decision to sell arms in January, when you made the Finding, when the staff work was going on, the evolution of that?

Mr. POINDEXTER. It was very clear to us that Ghorbanifar was not going to be a reliable channel, and that was based on our—the U.S. intelligence community's assessment of the man. It was also based on Mr. McFarlane's meeting with him in London in December.

But we saw this as an opportunity to have further contacts, and the main reason that we wanted to have a meeting in Tehran as early as we could was to get beyond Mr. Ghorbanifar, because we knew that he was not going to be satisfactory, but we thought that he was the key to the door that would open that would give us ex-

posure to other officials for whom we held out hope that we could reach through to somebody that would be a satisfactory channel.

Mr. HEFLIN. Well, at the time in January, when the decision was made, wasn't it—if that was the intention at that time to develop other people, he was the one that would be selecting the people that you would be dealing with, was he not?

Mr. POINDEXTER. Not necessarily.

Mr. HEFLIN. Well, who else at that time could you have depended upon?

Mr. POINDEXTER. Well, we at some point, and I am not exactly sure when we learned this, but at some point we realized—well, I guess from the very beginning we realized that Ghorbanifar had to have other contacts inside the Iranian Government, and we were aware that there were different factions there and that any sort of meeting in Tehran would have to involve several other people. We also—I don't think we should ignore the impact of the Israeli evaluation. They felt that aside from the particular characteristics of Mr. Ghorbanifar, the Israelis were convinced that he indeed did have some good contacts in the country.

Mr. HEFLIN. Well, this will be my final question. At that time were you under the impression that Ghorbanifar was an agent of Israel?

Mr. POINDEXTER. I don't believe that we suspected that in January of 1986. I know Colonel North's testimony about that. I think that he may be right. We do not certainly have any confirmation of the fact as to whether or not Mr. Ghorbanifar is or is not an Israeli agent.

Chairman HAMILTON. The Chair recognizes Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Admiral, you testified last week that there was a meeting on December 7th, I believe it was, 1985, between yourself and Secretary Shultz, Secretary Weinberger, and the President in the White House to discuss the future of this Iranian initiative, whether to go forward, have another meeting in Europe, to pursue it anymore.

Am I not correct that you did?

Mr. POINDEXTER. Yes.

There were other people there. Mr. McFarlane, John McMahon, and the Chief of Staff, Don Regan.

Mr. MCCOLLUM. Well, at that meeting, you also said that Secretary Shultz and Secretary Weinberger expressed very strong opposition to this Iranian initiative; and you went into some detail in describing that for us and some discussion ensued about what their objections were.

I am curious if on that occasion, or at any other time to your knowledge, if Secretary Shultz or Secretary Weinberger offered to the President any alternatives for getting the release of our hostages, alternatives to this Iranian initiative which, as I recall, you said the President had expressed a desire at that point after it was all over to go ahead with some comment to the effect that the—we ought to explore every avenue possible to see if we could get the hostages back.

Did they offer any alternatives to the President about how we might do it other than this Iranian play that you were engaged in or wanted to engage in at that time?

Mr. POINDEXTER. They did not.

Mr. MCCOLLUM. At any time after that, did they?

Mr. POINDEXTER. No. Nor, to my recollection, any time before that. The NSC staff, I feel, was the driving force from the very beginning in trying to figure out how to get the hostages back. I don't mean to imply that other Departments and other officials in the Government were not concerned about the hostages; but very frankly, I don't recall a single recommendation from those two departments on initiatives to accomplish the objective.

Mr. MCCOLLUM. Did they express, that is Secretary Shultz and Secretary Weinberger, either one, any kind of a feeling that we should simply let the hostages remain there, that that was their fate to be?

Mr. POINDEXTER. I'm sorry. Your question again?

Mr. MCCOLLUM. My question was on that occasion or later, did there come from Secretary Shultz or Secretary Weinberger, to your knowledge, any feeling that we should simply leave the hostages there?

Mr. POINDEXTER. Oh, no. I don't think that is fair at all. I just don't think that their staffs had this as a high priority item on which they were working and coming up with options. Both Secretary Shultz and Secretary Weinberger, as officials of the Government and as human beings, are certainly concerned about the hostages. But the fact is they did not come up with any initiatives.

Mr. MCCOLLUM. You had routine meetings, briefings I believe you said with the President, I guess virtually every working day morning around 9:30; is that correct?

Mr. POINDEXTER. Yes, sir, I did.

Mr. MCCOLLUM. And they lasted about 30 minutes?

Mr. POINDEXTER. Right. On the schedule it showed as 15, but the next 15 minutes—the President's schedule is really managed in 15-minute time blocks and the second 15 was reserved for senior staff, and invariably I ran over into that second 15-minute period.

Mr. MCCOLLUM. Was Don Regan usually present at those meetings?

Mr. POINDEXTER. Yes. Unless he was out of town or having another meeting.

Mr. MCCOLLUM. You told us that he was at this meeting on December 7th, and you just told me that he was at most of the meetings that you had with the President, at least briefings. Is it safe for us to assume that Don Regan knew virtually everything about the Iranian initiative and the Contra resupply operations and support operations that the President did?

Mr. POINDEXTER. Yes.

Now, the one exception to that may be that actions that took place before he became Chief of Staff—see, I have lost track of time. He became Chief of Staff in January of 1984?

Mr. MCCOLLUM. I believe that is right. I am not precisely sure of the time myself.

Mr. POINDEXTER. I am trying to think if he was there when Country Two made their first contribution.

Mr. MCCOLLUM. At any rate, at any time after you became the National Security Adviser, he would have been aware?

Mr. POINDEXTER. Yes. That is right. Not of everything that I was aware of.

Mr. MCCOLLUM. No. No.

Mr. POINDEXTER. But everything that the President was aware of.

Mr. MCCOLLUM. That's what I mean. Everything the President was aware of?

Mr. POINDEXTER. Right.

Mr. MCCOLLUM. Did he ever enter into the conversation and discuss this in your presence?

Mr. POINDEXTER. Yes. He would, once in a while, he would make an observation or make a recommendation to the President which sometimes agreed with me, sometimes didn't.

Mr. MCCOLLUM. And the meeting of December 7th, did he join in the chorus with Secretary Shultz and Weinberger in opposition to this Iranian initiative being further pursued? Was he silent? Or did he support going forward?

Mr. POINDEXTER. I know there has been testimony that I read somewhere or heard commenting on what position he took at that meeting. I frankly can't remember at the 7 December meeting what Don Regan said. But certainly later, when we got around the the 17 January Finding, the final version, my recollection is that Don Regan was very supportive of it.

Mr. MCCOLLUM. Did he ever take you aside and question you about this whole matter on other occasions outside the presence of the President?

Mr. POINDEXTER. No.

Mr. MCCOLLUM. I would like to turn to Attorney General Meese.

Mr. POINDEXTER. May I just add one comment on that?

Mr. MCCOLLUM. Oh, certainly. Absolutely.

Mr. POINDEXTER. I think that Don Regan got a bum rap earlier in his time as Chief of Staff of interfering too much in the national security area. He certainly did not, when I was National Security Adviser, and he was very careful not to, not that he wasn't interested, but he recognized that the President wanted the National Security Adviser to report directly to him, and he accepted that.

Mr. MCCOLLUM. You, of course, raised the question that even though he didn't, maybe he should have stepped forward a little bit more, at least to talk with you and to be more knowledgeable. You don't think he should have?

Mr. POINDEXTER. Not necessarily.

Mr. MCCOLLUM. Let me ask about Attorney General Meese. I want to clear up one or two things. A lot of people have asked questions about his knowledge. I particularly am interested in what you know as to the degree of knowledge, if any, the Attorney General had about the 1985 arms shipments, particularly the November ones.

Prior to November, 1986, I think that's the critical cut-off date, he obviously got involved at that point, in fact, that was the center question in November 20 and 21. What, to your knowledge, did Attorney General Meese know about the November, 1985, arms shipments or for that matter the September ones? Prior to November, 1986?

Mr. POINDEXTER. Well, of course, Mr. Meese was not involved in the issue until sometime after 7 December 1985. He was not involved in that meeting and I don't believe that Mr. McFarlane had spoken to him about the Israeli proposal before that time.

I brought him into the situation in December, '85, January, '86. I don't recall specifically talking to Ed about the shipments that had been made in 1985. However, my notes for briefing the President on Nir's visit on January 2nd, 1986, my notes that were later made up, indicate that I did talk to the President about the TOWs that had been shipped.

For some reason, at the time I did not have on my list of things a discussion of the HAWKs; and I don't know exactly why I didn't have that.

Now, I used those same notes by my recollection in the 7 January, 1986, meeting in which Ed Meese was there; so although I can't be certain, we may very well have discussed the TOW shipments in that 7 January, '86, meeting. It certainly would not have been a big issue.

Mr. MCCOLLUM. That would have been the September shipment?

Mr. POINDEXTER. The September, right.

Mr. MCCOLLUM. But the November one?

Mr. POINDEXTER. I don't think—I don't have any notes or any recollection of discussing that in the 7 January meeting because—and if we touched on the TOWs, it would have been just as a peripheral issue, because the 7 January meeting was focused on the future.

Mr. MCCOLLUM. But the HAWK shipment, the November 1985 one that got him so concerned in November, '86, you didn't touch on that at all?

Mr. POINDEXTER. I don't have any indication that we discussed that in the 7 January meeting.

Now, in the 16 January meeting, the day before the final version of the Finding was signed, I don't recall specifically, and I have said that several times in these hearings, because I want to be careful not to imply something for certain that I can't be certain about; and out of the thousands of conversations I had over the 5½ years in the White House, I simply cannot recall specifically all the conversations, and I don't think that should be considered unusual.

In the—in the 16 January meeting, I find it—although I can't recall specifically the conversation, I find it difficult to believe that we didn't get off on a discussion of the 1985 shipments. But——

Mr. MCCOLLUM. You have no recollection?

Mr. POINDEXTER. I have no recollection of it.

Mr. MCCOLLUM. So from your actual recollection, you cannot testify that Attorney General Meese had any knowledge of the November, 1985, shipment prior to November, 1986?

Mr. POINDEXTER. That's a correct answer to my long answer.

Mr. MCCOLLUM. Did you ever ask Attorney General Meese to hold up an FBI or Justice Department investigation during the time you were NSC Adviser?

Mr. POINDEXTER. Yes. I testified to that before.

In October, the aircraft carrying Mr. Hasenfus was shot down. Colonel North advised me that there was some sort of investigation

and I can't recall specifically—I think it was the FBI and maybe Customs.

Mr. MCCOLLUM. I want to call you to a halt on that. You have testified to that. I should have said other than that. I am in the question that's been raised a lot in the press about somebody asking the Justice Department to stop an investigation going on into drug smuggling and arms shipments down into Costa Rica and that sort of thing?

Mr. POINDEXTER. Absolutely not.

Mr. MCCOLLUM. Nothing other than the Hasenfus incident you described?

Mr. POINDEXTER. No. That's correct.

Mr. MCCOLLUM. It has come to my attention the chairmen of the Senate and House Intelligence Committees have occasionally refused to be briefed on sensitive matters. Are you aware of any of those occasions while you were National Security Adviser?

Mr. POINDEXTER. Yes.

Mr. MCCOLLUM. Would it not be—yes?

Mr. POINDEXTER. I probably ought to explain the circumstances. Or were you going to ask that?

Mr. MCCOLLUM. Sure.

Mr. POINDEXTER. As everybody understands, I think, in the Hughes-Ryan amendment to the National Security Act of 1947, there are three provisions that address the question of briefing Congress on special activities or colloquially covert actions. One of those is that the two intelligence committees, in toto, are briefed. The second way to do it is to brief the leadership of the Congress, the eight we have talked about before. And the third provision is to withhold notification until the President decides that it is timely.

Now, the second way of briefing the leadership is what is at issue here. In the past, with previous Chairmen of the Intelligence Committees, they have been willing to be briefed for the leadership, the eight. Some of the past, the more recent chairmen of at least one of those committees has been unwilling to do that, in other words, modifying the notification of the leadership. He insisted—which he had every right to do—that if we wanted to limit the knowledge in the Congress and not brief the entire committee, then he insisted that all eight of the leaders be briefed.

Mr. MCCOLLUM. Were those then briefed on that occasion?

Mr. POINDEXTER. My recollection on that point is a little fuzzy. I think we may have fallen off of our position and gone ahead and briefed the committees. I'm not certain.

Mr. MCCOLLUM. Wouldn't it be better, as a matter of policy, if the Committee Chairmen agreed to be briefed? Wouldn't that make a little of this mistrust come to pass that we have been talking about up here when you want to brief them?

Mr. POINDEXTER. I think we need to figure out a way that is acceptable to the Congress and to the Administration. I think it is a two-way street. That on very sensitive issues, that we brief a very limited number of people. The problem is that when you increase the number of people that are aware, you have got to increase—I think historically or empirically, you increase the chances of leaks and on sensitive issues, where lives are involved, you've got to

figure out a way to minimize the possibility of leaks. And the fewer people that you brief, the more secure you are going to be.

Mr. MCCOLLUM. Did Commander Thompson ever come to you at some time in May or June of 1986, and say that concerns have been expressed by another member of the NSC staff about the legality of some of Colonel North's activities?

Mr. POINDEXTER. I don't recall that. He may have. But I don't recall it.

Mr. MCCOLLUM. I just wanted to pursue it. I heard something to that effect.

I have one last question for you. I am concerned about the manner in which the Boland Amendment was addressed during this whole period, before and during your watch.

I think you may recall—since you said you listened to and watched Colonel North's testimony—that at some point he said one of the panel members here, one of us, had brought to the attention of Mr. McFarlane the fact that it might have been far preferable to have had a confrontation, constitutionally or otherwise, with the Congress over the Boland Amendment than to proceed as was done, by skirting it, trying to abide by it, and so forth. He said he agreed with that.

I'm the Member who raised that with Mr. McFarlane. I really felt then and still do—after all these days of hearings—that we wouldn't have perhaps had so many questions or so much puffery and politics and everything else in these hearings about the subject of the Contra supply effort and the Boland Amendment if there had been a confrontation over that issue rather than the skirting process.

Do you have a view about that in retrospect? Would it have been preferable to have had a confrontation rather than tried to, so to speak, live within it even though you said you didn't think it applied to the NSC?

Mr. POINDEXTER. Yes, Mr. McCollum, I do. And it is not just in retrospect. At the time I often expressed my opinion in meetings in the White House that we should not compromise. I think in hindsight, it was a clear mistake that we made. I understand, you know, politics is the business of compromise; but on this issue, in which the national security of the country was a vital concern, I don't think we should have compromised.

Mr. MCCOLLUM. Who did you have the disagreement with? Who overruled you? The President himself? Mr. Regan?

Mr. POINDEXTER. I am talking about—this goes back to a time when I was a Deputy and not National Security Adviser. In fact, when I became National Security Adviser and we started the legislative process to get the $100 million, I was able to get through the position that we wouldn't compromise; and so, for example, I came up to the Hill and I can recall a meeting in the then-Majority Leader, Bob Dole's, office, in which the present Majority Leader came in, and there were several other Senators there, and it was a very gentlemanly conversation, but I held firm.

Afterwards, I was accused by a Member of the Senate of marching into the room like an admiral in full regalia, damn the torpedoes, full speed ahead, and I torpedoed all possibility of compromise. But in the end, we won, and we got the $100 million. I think

that if we had taken a tougher position earlier, we could have gotten it.

Now there were other elements in the White House, and I don't think it is really necessary to get into who they were, that felt that their evaluation was that we couldn't win if we didn't compromise.

Mr. MCCOLLUM. Let me ask you about one specific thing as I close this out. Exhibit No. 50 in your book, no special exhibit here, is the National Security Planning Group meeting report to the President, the one of May 16, 1986. It has been referred to quite a bit for other reasons. You may recall that on May 2d, exhibit 45 is a May 2d PROF note that you entered and discussed about the trip back with the President on the plane in which he asked you if there was anything he could do unilaterally to help the Contras, and you have discussed that at some length.

Just about less than 2 weeks later, the National Security Planning Group had this meeting to discuss that very point. Was that meeting a product of that discussion with the President on the plane?

Mr. POINDEXTER. In effect, it was, but the progenitor of both the meeting on the airplane and the NSPG meeting later was a staff paper that had been prepared, and I believe it was probably an agency paper on the various options that the President had with regard to going forward with the legislation.

Mr. MCCOLLUM. Also part of this was to keep the Contras alive in the interim if Congress did not in fact continue or come forward with appropriations.

On page 3 of exhibit 50, well, actually pages 2 and 3, the bottom of that, there are three or four alternatives given to the President about keeping the Contras alive. Reprogramming $15 million of money from other sources; a second one was a Presidential appeal for private donations by U.S. citizens; and the third was a direct and very private Presidential overture to certain heads of state who are financially and politically capable of bridging the Resistance.

We have had some discussion about a number of these. But number two, a Presidential appeal for private donations by U.S. citizens, was this proposal, this memo taken by you to the President and this option presented to him to directly appeal for private donations to U.S. citizens?

Mr. POINDEXTER. Yes, it was.

Mr. MCCOLLUM. Did he reject that? How did it come that this did not get accepted as a proposal?

Mr. POINDEXTER. I frankly don't recall. I believe in preparation for these hearings, I did read through the classified notes of that meeting. I don't recall it being mentioned that we discussed that particular issue.

Mr. MCCOLLUM. Would you have supported that option? That is, a confrontation-type option?

Mr. POINDEXTER. Yes. I would have supported that, and probably did. I just think the problem is that there always is a limited amount of time in these NSPG meetings, and we probably didn't simply get to that issue. Spent too much time on other parts.

Mr. MCCOLLUM. It occurs to me, and in closing I would like to make this comment. I think you have corroborated it from your

personal perspective. We would have avoided a lot of the problems with Congress and with this hearing and a lot of the other things that went on in the process if we had had an acceptance of your early advice to have some confrontation over Boland; and if we had prevailed, or your views had prevailed, and the President had done things like go directly to the American public for private donations, setup a business, orderly account for those donations to aid the Contras that would have been audited. I am sure it would have been, we wouldn't have had all these questions that arose. We might have had a big tangle in Congress. I am sure we would have. We wouldn't have had this secret, behind-the-scenes-type of thing about policy.

I agree with the idea about having secret covert operations. I think that is always necessary. That is the implementation, that is the operational side. Secret policy is what has gotten us to the point we are here at today. Here is an area, particularly the Contra area, where it doesn't make any sense; we had a secret policy instead of a confrontation policy.

Thank you very much, admiral.

Chairman HAMILTON. Chairman Inouye.

Chairman INOUYE. I am pleased to recognize Senator McClure.

Mr. MCCLURE. Thank you very much, Mr. Chairman.

Admiral, I know there are two or three issues covered very well in testimony both last week and yesterday. The two or three that I just can't help but try to get something off my chest, at least with respect to the difference between your judgment of what the President would have said or decided at that time and his more recent statements that he would not have decided in that fashion, the suggestion has been made that either you are not telling the truth or that today the President is attempting to mislead the American public because you have a different opinion.

I think you covered that yesterday by saying that times are different, the situation is different, the President's judgment is different than you would have at that time anticipated. Is that a correct statement?

Mr. POINDEXTER. That is a fair description, Senator.

Mr. MCCLURE. I can't find anything in that situation that indicates to me that either you or the President is trying to mislead the American public. It seems to me both you and the President are trying to inform the American public, and certainly opinions may differ, and there is room for a lot of difference of opinion in your interpretation, your understanding or your expectation and the President's, just as there may be between others who try to interpret those statements.

The second thing is the assertion that I think was responded to again yesterday with respect to whether or not the injunction, which I think all of us have grown up with, to tell the truth is an absolute injunction. I remember a few years ago when in the waning years of the Vietnam war I was called upon to participate in the debate at Catholic University. There was a representative from the Pentagon and I from the Congress, a professor of moral theology and a professor of dogmatic theology on the panel. I remember in preparation for that, before we went out to face the audience and the questions that we were bound to get, that the two

professors in conversations between themselves said, "We are not going to get into the question about whether or not a war is just under any circumstances, because we'll concede at the outset that under some circumstances, waging war is more moral than failing to do so."

As I recall, there is an absolute injunction in the law of Moses that is deeply imbedded in our Judeo-Christian heritage, that killing is wrong, and yet I was struck by the fact that two professors, one of moral theology and one of dogmatic theology, started the discussion by saying under some circumstances it is more moral to kill than to refrain from doing so.

I think the analogy is apt here with respect to the injunction that we all must follow that indeed killing is wrong but there are exceptions, and that lying is wrong but there may be times when telling the truth is more immoral than failing to.

The question I guess that comes back and haunts me a little bit is, I am not quite certain that I understand in that context what it is that you have meant when you said, I intended that we should mislead the Congress but we are going to tell the truth. I remember your comments about what you expected Colonel North to do, that he would mislead or evade but he was going to tell the truth, and I am not sure exactly what you meant by that statement. Could you help us?

Mr. POINDEXTER. As I think I have testified, there were a lot of stories in the press circulating around. We can hypothesize on what the source of those stories might be, but they were absolutely false.

For example, there was one charge that Colonel North was involved with a plan to assassinate Pastora, which was absolutely false, outrageous. And there were other stories like that that were also incorrect. I frankly thought that most of the questions would be about these outrageous issues, and that he could answer truthfully on those particular issues, and evade answering questions on which he didn't want to answer the questions.

Mr. MCCLURE. Well, it has been suggested—I remember once earlier, I believe, was when Secretary Abrams was testifying, he had been authorized to talk about something that was—they had decided at the highest levels in the administration should not yet be discussed, and that he frankly misled the Congress in his answer.

It was suggested by some, both in the committee and in commentary outside about that testimony, that what he should have done is to simply say, "I can't talk about that," rather than trying to deflect the answer away by something that was frankly misleading, intended to be misleading.

I agree that troubles me, because I'm not sure that I know whether you are saying, as Colonel North did, that sometimes you are pushed into very tough decisions where you have to weigh the alternatives between telling the truth and not telling the truth, and you are forced to make a hard choice, which he frankly said he found very, very distasteful.

Mr. POINDEXTER. It is, I think, a very hard choice. Clearly, withholding information is not laying out the full story, and that is what we were doing.

Mr. MCCLURE. And not laying out the full story is sometimes itself an untruth?

Mr. POINDEXTER. It can be defined that way. And it is a very difficult decision.

It would be—it would be nice if we could design a system that didn't require that, and maybe through cooperation and through these hearings we can arrive at a method of managing foreign policy in these very difficult areas that produces that result.

Mr. MCCLURE. Well, Admiral Poindexter, it still troubles me because I don't really know where we draw that line or how, or how we define it, but I think we should be conscious that there is a line to be drawn. If we are going beyond that line, we have to have very, very strong reasons to do so. They should be conscious reasons and we should be able to articulate those reasons at an appropriate time.

Mr. POINDEXTER. The whole issue, of course, depends on having good people that are motivated with the national interests of the country in mind.

Mr. MCCLURE. That is devoutly to be hoped, and I hope indeed that we will find that to be true, not only in this case but also in other cases in the future as well.

But it isn't just that kind of misleading that troubles me. I have heard throughout these entire proceedings statements made by a number of people who may sincerely believe what they have said, but I find to be a misleading statement, the statement that all aid to the Contras was forbidden by Boland. I didn't read Boland that way, didn't understand it at the time to be intended to do that, don't believe now that it does that. It is a narrow band of proscriptions that is defined in the statute, and yet a number of Members of Congress and commentaries outside have said Boland prohibited aid to the Contras. Now, that is a misleading statement, in my view.

There may be others who don't believe it is misleading because they honestly believe it is correct, but I think it is a difficult question for all of us.

I want to go back to '85 and discuss some of the key points in the Iran issue. After the failure of the November HAWK shipment, as I recall, on December 7th, there was a meeting with the President and NSC principals, after the first Finding was signed?

Mr. POINDEXTER. Yes, that is correct.

Mr. MCCLURE. Secretary Shultz, Secretary Weinberger, Don Regan, and the President were there?

Mr. POINDEXTER. Yes, and Mr. McFarlane.

Mr. MCCLURE. I believe you testified that this was the first time you heard the President express his feelings about the initiative, and I believe it was also the first time you heard Secretary Shultz and Secretary Weinberger express their opposition to the initiative?

Mr. POINDEXTER. It is true with regard to the President. I believe I have testified that earlier in that week, I had spoken by secure telephone with Secretary Weinberger and Secretary Shultz, so I probably had an indication of their general position, but it was the 7 December meeting was the first opportunity I had to hear them articulate in great detail what their objections were.

Mr. McCLURE. On Wednesday last week, in response to a question by Mr. Liman, you said, "And the President listened to all this very carefully and at the end of the discussion, at least the first round, he sat back and he said something to the effect, and this is not a direct quote, but it was something to the effect that 'I don't feel we can leave any stone unturned in trying to get the hostages back. We clearly have a situation here where there are larger strategic interests, but it is also an opportunity to get the hostages back, and I think that we ought to at least take the next step.' "

What did you understand the President to mean when he said "we ought to take the next step"?

Mr. POINDEXTER. Well, the issue under discussion, the decision before the President, was whether Mr. McFarlane should leave later that day to fly to London to meet with Mr. Ghorbanifar and so I interpreted that to mean that the President wanted him to go on, that he wanted to take the next step.

Mr. McCLURE. Did the President give you or anyone else, to your knowledge, specific instructions as to what he wanted to do? Did he lay out the steps that he expected to be followed?

Mr. POINDEXTER. At that point, I don't believe we did. That was not until later.

And I also want to clarify one point, that my recollection is that the President said the things that I have testified to earlier at the end of the first round of discussions. There was further discussion, as we say in the bureaucracy, the Secretary of State and Secretary of Defense "reclaimed" his decision. At the end of the meeting in the residence, the President said, well, he would think about it, which was often his tendency to do, so he didn't actually take the decision in the meeting.

Later in the day, I believe the President called Mr. McFarlane and said that he had decided that he should go, and we really needed to get that first meeting out of the way before we decided what additional steps we would take, and that is what we worked on in December and January.

Mr. McCLURE. At that time, was there any decision made to make further weapons transfers, or was that initiative dead at that time?

Mr. POINDEXTER. There certainly was no decision at that time to make further arms transfers. It was clearly a future possibility, but the President wanted to wait until Mr. McFarlane returned from London to take that next decision.

Mr. McCLURE. At the end of the meeting, Mr. McFarlane was asked to take, and you said later in the day he affirmed the decision that Mr. McFarlane should take the trip, and that was a trip to London to discuss it further?

Mr. POINDEXTER. That is correct.

Mr. McCLURE. As I recall, he was going there to check out the Israeli channel so the President could make a decision based on first-hand reports from his own people with respect to that channel and that Israeli proposal?

Mr. POINDEXTER. That is correct.

Mr. McCLURE. The following day, Mr. McFarlane and Colonel North and others met in London with Mr. Ghorbanifar.

Mr. POINDEXTER. Yes.

Mr. MCCLURE. Admiral, to the best of your knowledge, when did we first become aware that Mr. Ghorbanifar was the channel that the Israelis were using?

Mr. POINDEXTER. Well, we knew it on 7 December. I don't believe that we knew it in July, August, September—probably—or October. We probably didn't identify him until General Secord got involved with helping the Israelis on that flight. I am a little fuzzy on that, but I believe that is reasonably accurate.

Mr. MCCLURE. When Mr. McFarlane came back from that meeting, he briefed the President directly?

Mr. POINDEXTER. He did.

Mr. MCCLURE. Were you present at the time he gave that briefing?

Mr. POINDEXTER. Yes, I was.

Mr. MCCLURE. As I recall the testimony, both from his direct testimony and that of others, he was very very skeptical about whether or not this channel was going to work, he was very skeptical about Mr. Ghorbanifar, and as I recall at least some comments were made that he was repulsed by the way Mr. Ghorbanifar had suggested arms-for-hostages trades in kind of a mathematical equation, is that correct?

Mr. POINDEXTER. My recollection of his debrief was that he did not think that Mr. Ghorbanifar was a good channel, didn't have any confidence in him at all. That is the thing that sticks in my mind.

Mr. MCCLURE. He wrote a memo, didn't he, Mr. North wrote a memo indicating that the meeting was inconclusive?

Mr. POINDEXTER. Colonel North wrote a memo and/or PROF note. I can't recall right at the moment, you have it as an exhibit, I can't recall what exactly his conclusion was.

Mr. MCCLURE. What impression do you have in your mind now about Colonel North's opinion of the Israeli channel following the meeting in London?

Mr. POINDEXTER. I don't—my impression is that he was not as negative as Mr. McFarlane.

Mr. MCCLURE. That is the way I remember the testimony.

Mr. POINDEXTER. Yes.

Mr. MCCLURE. Was there a specific proposal for action following the London meeting?

Mr. POINDEXTER. Yes, there was—there was discussion with the President that—in the debrief of the London meeting, as I have testified, Director Casey has memorialized what I consider to be a very accurate description of the President's—what I perceived as the President's thinking at the time, that he was disappointed that Mr. Ghorbanifar was not going to be a reliable channel, but at the same time he was not willing to give up on this idea of such a project with the Iranians with the broad objectives and with the possibility of getting the hostages back.

So at some point in December—I don't remember exactly when it was—I told the President that I was having my people work with Bill Casey's to review what other possibilities there might be and that we would be back to him after the Christmas holidays, which eventually we did, and the Nir meeting on the 2d of January was an additional step in that process.

Mr. MCCLURE. Mr. Chairman, I see my time has expired. I do have further questions. Perhaps after everyone else has concluded their questioning, I might have an opportunity to ask more.

Chairman HAMILTON. The Chair recognizes Mr. Boland.

Mr. BOLAND. Good morning, Admiral.

Mr. Chairman, I want to put to bed the canard raised yesterday with reference to Speaker O'Neill dragging his feet and over a period of 8 months dragging out the last bill for providing for $100 million for Contra aid, $70 million for military assistance and $30 million for humanitarian assistance.

I would like to read a chronology on the passage of that particular bill. That is a nice word, "chronology," we have heard it often in these hearings.

February 25th, President Reagan's request for $100 million was sent to Congress. On March 20th, the request was defeated in the House by 210 to 222. On March 27th, the request was approved in the Senate, 53 to 47. On April 16, the second House vote, which was an urgent supplemental, the President's request was tabled by almost a solid vote on the Republican side and some Democrats on the Democratic side voting for the Hamilton substitute providing for $27 million in humanitarian aid. On June 25, the House approves a request for the military construction appropriation bill, 221 to 209. If I remember correctly, that was the first appropriation bill that was passed in 1986.

On August 13th, the Senate passed a military construction bill containing the Contra funds. August 14, recess begins. September 8th, recess ends. September 25th, the continuing resolution passed both Houses with Contra aid included. October 3d, the continuing resolution passed the Senate. October 15th, the continuing resolution conference agreement passed the House. On October 16th, the continuing resolution conference agreement passed the Senate. On October 18th, the continuing resolution was signed by the President.

Mr. Chairman, that is the chronology of the last appropriation for Contra aid that appeared in 1986, and that is the correct—those are the correct dates with reference to that particular bill.

Admiral Poindexter, you testified that you directed Colonel North to leave out of the chronologies he was preparing on the Iran arms transactions any mention of the diversion of funds to the Contras, is that correct?

Mr. POINDEXTER. That is correct.

Mr. BOLAND. Did you give Colonel North any other instructions with respect to items to be left out of the chronologies?

Mr. POINDEXTER. I did not.

Mr. BOLAND. Evidence has been presented to these committees indicating that notification to Congress of the Iran arms transaction would have been made either when the hostages were all released or when the administration's term of office was ending, whichever came first. Was that your understanding of the plan for congressional notification?

Mr. POINDEXTER. No, it was not. The way the President worded the preamble to the Finding was worded, it was up to him to decide when it was appropriate. I don't recall discussing exactly when that might be.

Mr. BOLAND. Were you aware that negotiators representing the U.S. Government on the Iran arms transactions had indicated to their Iranian counterparts that the United States was prepared to go to war with the Soviet Union in the event of a Russian invasion of Iran and that the United States would assist in deposing a head of state in the Middle East?

Mr. POINDEXTER. Mr. Boland——

Mr. BOLAND. Were you aware that negotiators made this representation to the Iranians?

Mr. POINDEXTER. Mr. Boland, the business about the Soviet Union, I think, is clear to everybody since President Carter was President, in which the U.S. policy had been that we are not going to stand by while the Soviet Union moves into the Persian Gulf. That is not news to anybody. All that General Secord was doing, as I understand it, after hearing his testimony, was simply making that point to the Iranians. That is not news.

Mr. BOLAND. Well——

Mr. BECKLER. I think there is more of an answer, Mr. Boland.

Mr. BOLAND. Fine.

Mr. POINDEXTER. Now the business about Saddam Husayn, contrary to what is carried in the papers, I don't believe is in those nine points. That was a separate discussion that Mr. Hakim as a private individual had. That was not the U.S. position and is not the U.S. position.

Mr. BOLAND. Well, isn't it so that General Secord and Albert Hakim were negotiating in behalf of the United States with respect to the release of the hostages?

Mr. POINDEXTER. All of their meetings and discussions were what we call ad referendum. They were not authorized to reach any agreement. Anything that they discussed as a possible future agreement had to be referred back to Washington.

Mr. BOLAND. Let me ask whether or not the President was made aware of their representation——

Mr. BECKLER. Once again I would like the witness allowed the opportunity to answer Mr. Boland's questions.

Mr. BOLAND. I would be delighted to have the witness answer fully but I don't want the 15 minutes used.

Mr. BECKLER. I will stipulate we will stay an extra 10 minutes, but it is important to have the answers in full.

Mr. BOLAND. I think it is, too.

Mr. POINDEXTER. That is exactly the same position that most negotiators for the U.S. Government, whether they be private individuals, Assistant Secretaries of State, Assistant Secretaries of Defense, the arms control people in Geneva, the same guidance exists. Their instructions are essentially ad referendum, in other words, they have got to refer back to Washington for final approval. They have negotiating guidelines just as Colonel North, General Secord, Mr. McFarlane had guidelines.

Mr. BOLAND. Admiral, when you were in the process of relieving Mr. McFarlane as National Security Adviser, I assume that you had one or more sessions with him in which he described matters of which he was aware that you had not needed to know as his deputy but which you would need to know in your new post, is that correct?

Mr. POINDEXTER. I don't remember that.

Mr. BOLAND. Mr. McFarlane has testified twice before these committees that he thought the NSC, the National Security Council, was covered by the Boland Amendment and that he repeatedly advised his staff of his belief and his desire that the law be complied with. Do you recall Mr. McFarlane's discussing that subject with the NSC staff?

Mr. POINDEXTER. No.

Mr. BOLAND. You have made it clear that you did not share Mr. McFarlane's view of the applicability of Boland to the NSC. Did you ever discuss your contrary views with Mr. McFarlane and if so, what did he say?

Mr. POINDEXTER. Again I don't recall a specific conversation on that. I think that Mr. McFarlane was aware of my position, especially with regard to coming back to the Congress to try to get it clarified about talking to third countries. The reason that I did not want to do that was that I didn't think it was necessary because there wasn't any restriction in Boland that I could see that prevented us from talking to third countries and I didn't want to resurface the issue on the Hill and get an answer that we didn't want to hear, and I think he was well aware of that.

Mr. BOLAND. Let me ask you, when you became the National Security Adviser did you inform your staff that a new view of the coverage of the Boland Amendment would henceforth apply?

Mr. POINDEXTER. As I have testified, Mr. Boland, I do not recall Mr. McFarlane making that kind of issue with the staff. In my view, things didn't really change when I became National Security Adviser. I did meet with Colonel North and tell him to continue on course with the way that he had been managing the Central American account up to that point. So that was not a change.

Mr. BOLAND. Did you depend upon Mr. Sciaroni's opinion from the Oversight Board?

Mr. POINDEXTER. As I have testified before, I was aware of the Intelligence Oversight Board's determination with regard to the applicability. I don't think it is fair to call it Mr. Sciaroni's decision. It was ratified by three very prominent U.S. citizens that are imminently qualified in this field. I was aware of that. I had reached a conclusion on my own earlier that the Boland Amendment didn't apply and this simply confirmed it.

Mr. BOLAND. Did you rely on Mr. Sciaroni's opinion?

Mr. POINDEXTER. I believed that the opinion of the Intelligence Oversight Board, you keep calling it Mr. Sciaroni's opinion, I think that is misleading. I felt it was a conditioned, well-thought out opinion.

Mr. BOLAND. The Sciaroni opinion was written in September of '85. North's, that opinion was written September of '85. North's Contra activities began well before that. Thus there was no thought given to checking the legality of those actions before they commenced. No one asked Sciaroni to do an opinion. McFarlane said he never saw it. Why didn't you discuss it with Mr. McFarlane if you found it persuasive, especially since you knew McFarlane held a contrary view on the applicability of Boland to the NSC?

Mr. POINDEXTER. As I have testified, Mr. Boland, I did not simply rely on the Intelligence Oversight Board's opinion on this issue. I

had reached my own independent conclusions much before that and I became aware of the Intelligence Oversight Board's opinion at some later point, I don't recall when that was. It may well have been after Mr. McFarlane left. In September and October of 1985, we were getting ready for the Geneva summit with Mr. Gorbachev and I don't recall focusing on that particular aspect of the issue at that time.

Mr. BOLAND. You testified that it was your opinion that the Boland Amendment did not apply to the NSC. You have also testified that you were generally aware of Colonel North's activities on behalf of the Contras. Colonel North has testified that he sought assistance for the Secord lethal resupply operation from employees of agencies that you have testified were covered by the Boland Amendment.

Colonel North has testified that his superiors were aware that he had done so. Were you aware that Colonel North had made requests of or issued instructions to employees of the CIA, the Department of Defense and the State Department for assistance in the operation to resupply the Contras with weapons?

Mr. BECKLER. Mr. Chairman, there is one point in this record that I have to emphasize and that is Admiral Poindexter has never stated in answers to Mr. Boland or anybody else that he was ever under the opinion so to Mr. McFarlane's opinions about the Boland Amendment applying. He has never stated that he understood that Mr. McFarlane felt that Boland applied. I want to make that absolutely clear on this record. I don't think there is any basis of his testimony for Mr. Boland to assume that Admiral Poindexter has stated that he felt that McFarlane said it applied.

Mr. BOLAND. The question, Mr. Counsel, is whether or not in his opinion the Admiral believes that the Boland Amendment did not apply to the NSC. But he has testified that employees of other agencies were covered by the Boland Amendment. So I raise the question as to whether or not he was aware that Colonel North had issued instructions to employees of the CIA, the DOD and State Department for assistance in the operation to resupply the Contras with weapons.

Now that is a fair question.

Mr. POINDEXTER. As I have said before, I did not micromanage Colonel North in carrying out his mission. I am not aware of specific conversations that he may have had with employees of other departments. He understood, and he also has testified, that he did everything possible to comply with the letter and spirit of Boland, and I believe him and I think that is very accurate.

Mr. BOLAND. Did—were you aware that Colonel North made requests of the employees of these agencies?

Mr. POINDEXTER. I am not going to say I am aware unless I know of something specific and I do not recall anything specific that you may be referring to.

Mr. BOLAND. You are certainly aware of the fact that he was involved in the Secord operations in Costa Rica?

Mr. POINDEXTER. Absolutely.

Mr. BOLAND. And you were aware of the fact that there were employees of these agencies that were doing some of the work that they were instructed to do by Colonel North, I presume?

Mr. POINDEXTER. I don't think that that is an incontroverted fact at all.

Mr. BOLAND. Let me ask you whether or not you believe that it was lawful for Colonel North to make those requests and issue those instructions to people who were clearly covered by the Boland Amendment?

[Counsel conferring with witness.]

Mr. POINDEXTER. Mr. Boland, the decision as to what is lawful and unlawful is not the function of this committee. It will be determined by the courts, by the independent counsel, and I am not going to sit here and debate you on that particular issue.

Mr. BOLAND. Let me ask you whether or not—Ambassador Tambs of course is an employee of the State Department, is that correct?

Mr. POINDEXTER. He is a representative of the President of the United States.

Mr. BOLAND. And Colonel Steele was with the Department of Defense, is that correct?

Mr. POINDEXTER. That is correct.

Mr. BOLAND. And Joe Fernandez was with the CIA, is that correct?

Mr. POINDEXTER. I am not sure who you are referring to.

Mr. BOLAND. Were you aware that all three were involved in the Secord lethal operation? At any time?

Mr. POINDEXTER. I again did not micromanage this operation. I don't think it is appropriate and I didn't do it, and so the precise knowledge that I have on that issue is not significant enough to give you a positive answer.

Mr. BOLAND. You have probably answered this question a million times but I will ask it once more. You have testified that you made the decision to authorize the diversion and that while you did not inform the President, you believed that if he had been asked for his approval, he would have given it. You have indicated that you ultimately discussed the diversion with the President on November 25th of '86. Do I understand your testimony to be that while you told the President that you were generally aware, you did not tell him that you had been the one who authorized it? Did he give you reason to believe then, at that time, that he would have approved the diversion?

Mr. POINDEXTER. The issue didn't come up, Mr. Boland. As I have testified, the President didn't ask me whether I had approved it and I did not volunteer it at that point, so the issue didn't come up.

Mr. BOLAND. Did he indicate he was disappointed, really disappointed that he did not know anything about it?

Mr. POINDEXTER. He did not indicate that to me.

Mr. BOLAND. You have testified—just one more question—you have testified that you believed that all profits from the Iran initiative would be channeled to the Contras; is that correct?

Mr. POINDEXTER. That is correct.

Mr. BOLAND. Was that belief based on your assumption that North or someone subject to U.S. Government control would assure that that would be the result?

Mr. POINDEXTER. I felt that Colonel North and General Secord were completely able to carry that out and I thought they would.

Mr. BOLAND. Colonel North testified that if you had wanted all of the residuals in the Iran arms sales transaction to be returned to the U.S. Treasury, that would have been done. Do you believe that you had the authority or the ability to direct Colonel North as to how the residuals would be used?

Mr. POINDEXTER. Absolutely.

Mr. BOLAND. Thank you very much.

Chairman HAMILTON. The committees will take a ten-minute recess.

[Brief recess.]

Chairman HAMILTON. The joint hearings will come to order.

The recess was extended because of a vote taking place in the U.S. Senate.

Senator Nunn is recognized for the balance of his time that he reserved.

Mr. POINDEXTER. Mr. Chairman, before Senator Nunn begins, may I amplify my answer to Mr. Boland's last question?

Chairman HAMILTON. Yes, indeed. You may proceed.

Mr. POINDEXTER. After I left the room, Mr. Boland, I realized I may have left the wrong impression there. I did not mean to imply in any way that I felt that those were Government funds involved in the transfer. I simply meant to imply that I had authority to provide direction and control over Colonel North in terms of his making his recommendations to General Secord.

I still feel that those funds were either private funds or could be considered as third country funds.

Chairman HAMILTON. Thank you.

Senator Nunn?

Mr. NUNN. Thank you, Mr. Chairman.

Admiral, you have used the term during the course of the last 4 or 5 days a good many times, the term "plausible deniability."

Mr. POINDEXTER. Correct.

Mr. NUNN. Everybody I have talked to in the intelligence community and around town where that term has been used tells me that the definition of that term is that when you set up plausible deniability for someone, the President or someone else, what that mean is that they know the facts in question, but they can deny the knowledge and that the denial is believable.

Now, would you tell us whether that is your definition or whether you have some other definition in mind?

Mr. POINDEXTER. First of all, Senator, I believe if you go back and look at my testimony on May 2d, when this issue first came up, I used the term deniability, that I wanted to provide the President deniability and insulate him from the decision.

Since that testimony, the terminology has been raised in these hearings of plausible deniabiity and I have gone along with that definition.

Since this is not any sort of printed doctrine or dogma, it simply is a concept, I think it is open to interpretation; and my interpretation of it is simply and very straightforwardly the ability of the President to deny knowing anything about it and be very truthful in that process. He didn't know anything about it.

Mr. NUNN. That is what I would call absolute deniability. If you don't know, it is not only plausible, it just didn't happen. Is that what you mean then?

Mr. POINDEXTER. Absolute deniability would be a more accurate description.

Mr. NUNN. Because that word has been used quite a bit during these hearings.

Mr. POINDEXTER. It has been. And again because it is not something that is codified, it is the same thing with covert action and special activities. We use covert action when most of the time we are talking about special activities. But because deniability, plausible deniability or absolute deniability are not defined in statute any place, it is obviously open to interpretation.

Mr. NUNN. Well, you are not—let's just make the record clear. You are not using plausible deniability as it has commonly been used and I defined it?

Mr. POINDEXTER. As discussed in the morning newspaper, I believe, I am not using plausible deniability in that way or the way that you defined it.

Mr. NUNN. Admiral, going back to something that has been discussed a great deal, but hopefully giving you a new slant on it in terms of a question, the December 5th Finding, now you testified that you ripped up or destroyed that Finding and you have given your reasons on all of that; correct?

Mr. POINDEXTER. Correct.

Mr. NUNN. The question I have is why was the Finding, which you have said clearly did not reflect in your view an accurate assessment of what the President really had in mind, why did that Finding ever go to the President to begin with? Wasn't it your job to keep that kind of incomplete Finding which you have testified was inconsistent with the objective from being both read and signed by the President of the United States?

Mr. POINDEXTER. It was and I believe in my earlier testimony or possibly in one of the depositions indicated that I had some regret that I had let him sign it.

Mr. NUNN. But you do have—the morning headline is not correct then? You do have some regret?

Mr. POINDEXTER. Of course I do, Senator.

Mr. BECKLER. Mr. Senator, you know, we are not going by the morning headlines, fortunately. We are going by what the American public feels about this, not by the headlines.

Mr. NUNN. Thank you, Mr. Beckler.

Admiral?

Mr. POINDEXTER. I thought I answered.

Mr. NUNN. So you do have regrets about that?

Mr. POINDEXTER. Yes.

As I have testified, I think that I acted under pressure when I should have had the Finding fully staffed. I didn't. And the President signed it. But it also, I think, is important to note that from a forward-looking standpoint, nothing was done under that particular Finding. It was an acknowledgment that after the fact, that the President had approved the HAWK transfer in November. It did not shed any light on his prior approval that may or may not have taken place in Geneva.

Mr. NUNN. Admiral, along that line, the January 17 Finding which followed, of course, that one and was a more complete document——

Mr. POINDEXTER. Right.

Mr. NUNN. —according to your testimony, that is exhibit no. 28. In the first paragraph of the memo which you sent to the President, that accompanied that Finding, the first paragraph states, and I will read it to you: "Prime Minister Peres of Israel secretly dispatched his special adviser on terrorism with instructions to propose a plan by which Israel, with limited help from the United States, can create conditions to bring about a more moderate Government in Iran. The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel."

Did you see that?

Mr. POINDEXTER. Yes, I see that.

Mr. NUNN. There is just one part of that I want to ask you a question about. That is the words "the Israelis are very concerned that Iran's deteriorating position in the war with Iraq," that was a memo you were sending to the President of the United States with a very important Finding attached thereto. Everything I recall about that period of time indicates that that position, though it may have very well been the Israeli position, was not the U.S. Government position.

That is, we did not believe the Iranian position was deteriorating vis-a-vis Iraq in that war.

Do you have a different recollection of that?

Mr. POINDEXTER. I do. We were always concerned about the ability of the Iranians to hold on for a protracted period of time.

Mr. NUNN. The Iranians, I thought it was the Iraqis who were——

Mr. POINDEXTER. No. There were differences of opinion on this issue.

Mr. NUNN. So you agreed with the Israeli position?

Mr. POINDEXTER. Yes, I think we did agree with that at that time.

Mr. NUNN. When you say we, who do you mean?

Mr. POINDEXTER. I think members of the NSC staff and I think Director Casey felt that way.

Mr. NUNN. Why in the world did we have a roving ambassador going all over the world trying to stop the flow of arms into Iran and calling it Operation Staunch with the State Department people going all over trying to prevent that if we thought the Iranian position was the one that was deteriorating?

Mr. POINDEXTER. Senator, we were trying to bring an end to the war. We wanted to help bring about the end of the war by limiting the flow of arms into Iran and frankly Iraq. We were not interested in providing or encouraging others to provide unlimited support to Iraq. We wanted to lower the intensity of the conflict.

Mr. NUNN. We will have to ask Secretary Shultz about that when he appears and Secretary Weinberger, because that state-

ment, although I can certainly acknowledge it was the Israeli view, it was contrary to everything I was hearing back then.

I have been under the impression for at least 2 to 3 years that we have been concerned about precisely the opposite, that the Iraqi position was going to deteriorate over the long haul?

Mr. POINDEXTER. As I said, there was difference of opinion. I can recall intelligence analysts predicting very early in the war that there was no way that Iraq could stand up to the Iranian forces. That was not the case. The Iraqis demonstrated a significant ability to hold on.

Mr. NUNN. Switching to another subject, Admiral Poindexter, we discussed with Colonel North, I did the other day, the *Los Angeles Times* article about Reverend Robertson and what he had said in that article North had told him about the effort to get hostages back. I don't know whether you followed any of that or not.

Mr. POINDEXTER. I followed it.

Mr. NUNN. It has come to my attention that there was an interview that took place on television with Reverend Robertson interviewing President Reagan in a televised interview which was aired on September 20, 1985, and in that transcript, which I will read to you, Reverend Robertson says to President Reagan, "Word reached us that a member of the White House staff was dispatched on Sunday to Iran to seek the release of the remaining six"—and actually was seven at that time. "Is there any word on that that might give hope to us?"

President Reagan answers, "Well, I can't really talk about what we are doing because I don't want to do anything that would endanger the prospects of the others being freed. I can only say that we have explored every avenue. We have been working for this all the time. Since the first one, Mr. Buckley, was kidnapped and I know that some of the families have grown impatient because they don't see things in the paper. We don't think we are doing anything"—that is the way it reads—"but going public and being in the paper is not the way to get the Reverend Weir back or any of the others."

My question is, were you alerted to that question having been posed to the President?

Mr. POINDEXTER. I don't recall, Senator, being aware of that at the time.

Mr. NUNN. If you had been alerted to that question being posed, would not that have caused you considerable alarm?

Mr. POINDEXTER. It would have. As I testified yesterday, I was alarmed at what the President had told Mr. Van Atta.

Mr. NUNN. So that interview means that somebody evidently had told Reverend Robertson?

Mr. POINDEXTER. Or speculation. I simply don't know the facts surrounding it.

Mr. NUNN. So you never had an investigation about a leak or anything of that nature?

Mr. POINDEXTER. No, I believe I was unaware of that. This is the first time I can recall hearing it.

Mr. NUNN. Admiral, you and I had a dialogue at the end of last week about Director Casey and whether indeed he had seen any of those memoranda that Colonel North testified he wrote on the di-

version and you testified that you did not remember seeing those memoranda.

Mr. BECKLER. Could we have a reference to a transcript?

Mr. NUNN. I am not going to ask you any questions that will give you any problem needing a transcript. If I do, I will be glad to get it for you.

Mr. BECKLER. There was a reference made the other day to a fitness report. I understood it wasn't going to cause us any problems either, but when you read the full fitness report, I think it does cause us some problems. I understand you have good intentions, but I have my eye on other balls, concerns here.

Mr. NUNN. I haven't asked a question, but wait for the question if you would, and then if you have a problem with it, we will deal with it. I can give you the reference.

The question I have, do you recall hearing Colonel North's testimony that he showed at least one of the diversion memos to Mr. Casey, Director Casey?

Mr. POINDEXTER. I frankly don't recall that part of the testimony, but I will take your word for it.

Mr. NUNN. Counsel, it is July 9th, a question from Mr. Liman to Colonel North, pages 169 and 170.

Mr. Liman asked, "Now, when you talked to the Director in October about the Furmark incident and in November, did he ever ask you what the memorandum looked like that you had sent up the line and that you either were going to take care of or had taken care of?"

Colonel North answers: "I don't believe so, because I think at least on one occasion I actually went over the memo at random with the Director."

Liman: "So he knew what it looked like, that one?"

North: "Certainly."

So we have testimony that Director Casey had seen at least one of those memos.

My question to you under that set of circumstances, if Colonel North's testimony is accurate, would you agree that it is possible Director Casey not only saw the memo, but may have shared those memos with others?

[Counsel conferring with witness.]

Mr. POINDEXTER. As I understood your reading of Colonel North's testimony, I believe he said that he thought. I don't take that as an absolute fact.

Mr. NUNN. Let me read it again.

Mr. POINDEXTER. As I have testified before, I didn't have any indication based on personal knowledge that Director Casey was aware of this operation, this part of the operation, nor aware of any memos. As I have testified yesterday, I don't think there were any other memos except the one, and I also know that I did not show that or discuss that with the President.

Mr. NUNN. But you cannot tell us that Director Casey did not show that—

Mr. POINDEXTER. Obviously I can't. I think it is highly unlikely.

Mr. NUNN. You can't exclude that possibility though?

Mr. POINDEXTER. I think it is highly unlikely.

Mr. NUNN. Do you know whether Director Casey ever met with the President privately?

Mr. POINDEXTER. He did infrequently, but I think it is very wrong, Senator, to draw any conclusion from this.

Mr. NUNN. I am not drawing any conclusion. I am just asking questions.

Mr. POINDEXTER. Well, I see the direction you are going, though.

Mr. NUNN. If you can see it, I will skip the next question and you can just give me the answer.

Mr. POINDEXTER. I don't believe that Director Casey ever talked about this issue with the President. I think the President has been——

Mr. NUNN. You don't believe that happened, but you can't exclude that as a possibility?

Mr. BECKLER. Objection. We can't exclude all kinds of possibilities. But we are not here to exclude possibilities. This witness is here—9th day—I don't know if there is going to be 10 or not, we have a request for another private session on some unrelated subject——

Mr. NUNN. You added 10 more minutes a while ago voluntarily, counsel.

Mr. Chairman, may I proceed?

Chairman HAMILTON. You may proceed, Senator.

Mr. NUNN. Admiral, you testified yesterday that there was a lunch, I believe on Saturday, November 22d; is that correct?

Mr. POINDEXTER. I do have a recollection of a lunch, yes.

Mr. NUNN. Who attended that lunch?

Mr. POINDEXTER. My recollection was it was just Director Casey and I. My schedule, which I forget—I guess it was Mr. Rodino raised that issue—you would have to pull my schedule out. It should indicate who was there.

As I recall, Director Casey called me from his Executive Office Building office and asked me if I had had lunch yet and I said no and he said, "Why don't I join you for a sandwich?" I said fine.

It was very impromptu. It was the first opportunity I had had to meet with him since his testimony before the Intelligence Committees the previous day. He was up here on the Hill for many hours that day, 6 or 8 hours.

Mr. NUNN. Who else was there?

Mr. POINDEXTER. I don't recall anybody else being there.

Mr. NUNN. Colonel North wasn't there?

Mr. POINDEXTER. He may have been. I don't recall it. He was not invited. He may have dropped in.

Mr. NUNN. Was your assistant, Al Keel, there?

Mr. POINDEXTER. He was in the office area. He may have dropped in. It was just Director Casey and I who were actually eating lunch. Other people may have come in while we were sitting there.

Mr. NUNN. At that meeting, that was Saturday, November 22d, that was after the President had his news conference on Iran on November 19th?

Mr. POINDEXTER. Yes, it would have been.

Mr. NUNN. And that was after the meeting on November 20th between you and Colonel North and Ed Meese and Mr. Cooper and

Director Casey to discuss the Casey testimony to the Congress; is that right?

Mr. POINDEXTER. That is correct.

Mr. NUNN. And that was after Director Casey had testified on that Friday, November 21st to the Intelligence Committees; is that correct?

Mr. POINDEXTER. Yes.

Mr. NUNN. And that was after Friday the 21st when Ed Meese met with President Reagan and requested permission to proceed with his investigation; is that correct?

Mr. POINDEXTER. I think it is more accurately described as a fact-finding——

Mr. NUNN. Fact-finding investigation.

Mr. POINDEXTER. That is correct.

Mr. NUNN. And that was after—we have heard testimony that Colonel North and his secretary, Miss Fawn Hall, had shredded documents. I am not asking you to verify that. That was after that time sequence; is that correct?

Mr. POINDEXTER. If they testified that way.

Mr. NUNN. Right. And that was after Friday the 21st, when you have testified you ripped up the December 5th Finding?

Mr. POINDEXTER. That is correct.

Mr. NUNN. And that was after the Justice Department arrived that morning on Saturday the 22d to go over the documents?

Mr. BECKLER. Mr. Chairman, we will stipulate that that lunch at noontime on Saturday, November 22d, took place after everything that happened before that.

Mr. NUNN. Thank you, counsel.

Mr. BECKLER. Will that satisfy you, Mr. Senator?

Mr. NUNN. That is wonderful. If you had done that earlier, I could have skipped those questions.

Chairman HAMILTON. Senator, you may proceed.

Mr. NUNN. Admiral, now I want to ask you some questions about the luncheon. What did you discuss at the luncheon?

Mr. POINDEXTER. As I testified yesterday, about the only thing I could recall was Director Casey giving me a debrief of his meetings with the two intelligence committees the previous day, going over the questions that had been raised.

Mr. NUNN. You don't recall anything else?

Mr. POINDEXTER. The only thing that I can be positive of is that there was no discussion of the transfer of funds to the Contras.

Mr. NUNN. Why don't you tell us what you are not quite positive of but think that you recall?

Mr. POINDEXTER. I have told you that.

Mr. NUNN. That is all you can recall?

Mr. POINDEXTER. That is all I can recall.

Mr. NUNN. You didn't talk about the destruction of documents?

Mr. POINDEXTER. No, I didn't.

Mr. NUNN. Would you remember that now if you had, or are you just saying you can't recall?

Mr. POINDEXTER. No, I'm sure—I was unaware of the destruction of documents that Colonel North was involved with, although, as I have testified, I thought that he was going to destroy some of his working documents.

Mr. NUNN. Would you recall one way or the other whether you discussed destruction of documents with Director Casey at that time?

Mr. POINDEXTER. I'm sure I would have recalled that.

Mr. NUNN. If it had occurred, you would recall?

Mr. POINDEXTER. I'm absolutely certain that I did not tell him that I had destroyed that earlier Finding.

Mr. NUNN. Did you discuss the Justice Department review?

Mr. POINDEXTER. I don't even recall discussing that.

Mr. NUNN. Do you think you would recall it had it occurred?

Mr. POINDEXTER. I think I would have recalled that. We may very well have discussed the different recollection that Secretary Shultz had of the November events and Mr. McFarlane's.

This is an exhibit—I believe it is an exhibit. This is the transcript of the tape recording that I have referred to before of a conversation I had with Bill Casey when he was in Central America before he came back to Washington, and I think it is pertinent to the line of questioning that you are using, and I would like to read part of it into the record, because I think it demonstrates what our objectives were at that time.

Mr. NUNN. I don't mind you doing that but I prefer you to let me complete my questioning, and if the chairman would give you extra time after that, it could be done. Is that relevant to the lunch?

Mr. POINDEXTER. It is relevant. I think what you are getting at is what was our mood, what was our intent, what were we worried about at the time.

Mr. NUNN. Yes.

Mr. POINDEXTER. The mood and the intent was one of finding out all the facts so we could get them out to the appropriate authorities in the Congress.

My conversation with Bill starts, after initially establishing communications, at the tope of page 2 of the transcript, it says, "Bill, it is just that because I got to thinking about the hearing on Friday and the coordination the two of us need to do and I just didn't think there would be enough time to do it with your coming in early Friday morning. So if you could get back on Thursday so we could meet Thursday afternoon, I think it would be very useful so we make the best possible presentations on Friday and try to lay as many of these questions to rest as we can. Over."

Bill comes back, "OK. John, I'll be back Monday—I'll be back—I'll be back Thursday morning"——

Mr. BECKLER. The hesitation is because of the way the transcript reads of the conversation.

Mr. POINDEXTER. Yes. I'm trying to read it accurately.

He says, "I'll be back Thursday morning and I would like whatever information you can collect in there, OK? Over."

"This is John. Roger. We have been putting together all the chronologies and all the facts that we can lay our hands on and I'll be ready to talk to you any time on Thursday, but you probably would want to spend some time out at your place on Thursday morning, I guess. Over."

And then the conversation goes on.

But my point is that I obviously did not know that that tape recording was being made. It was a contemporaneous conversation

over a secure telephone, and I think it very accurately depicts our mood of trying to find out what all the facts were and get them out.

Mr. NUNN. Admiral, would you read on over the third page of that transcript, the third sentence down?

Mr. POINDEXTER. Right. I come back to him and say, "This is John. OK." The previous sentence, Bill says——

Mr. BECKLER. Why don't we just keep reading? There's only a few more words between that and the next paragraph.

Mr. NUNN. Fine. I thought that last reference would probably lead up to the Saturday luncheon.

Mr. POINDEXTER. "Bill, this is John. I prefer to meet Thursday afternoon. That would give you an opportunity to spend some time out at the Agency in the morning and talk to Clair"—Clair George, that is—"you know you went up"—or "you know who went up. I guess the staffers came out to him today, but that would give you some time to talk to them in the morning. Over."

Bill comes back, "Are you going to have a lot of people at the meeting, State and Defense? Over."

"This is John. We could do it however you would like. I want to—I would like to"——

Mr. NUNN. Who is this, now?

Mr. POINDEXTER. This is me talking. "I want to—I would like to spend some time, just the two of us, but if the—Ed Meese indicated he should want to be helpful and so he would like to be in at least one of the meetings. Over."

"You set whatever time you would like for us to get together and have a little talk ourselves. Then I'll have, I'll handle a meeting anytime you set it and I'll be there and I'll see you then on Thursday. Over."

"This is John. Roger."

Mr. NUNN. Admiral, thank you for that, and I think that does set up the Saturday meeting.

My time has expired.

It seems to me in light of the circumstances that we have been over, and we both agree to the sequence of events, that this was an enormously important meeting with you and Director Casey, and yet you seem to recall nothing about it except that you had sandwiches.

Can you think of anything else that occurred at a meeting which certainly, based on the sequence of events, the conversations that you had had with Director Casey, must have been a very important and perhaps traumatic meeting between the two of you?

Mr. POINDEXTER. I think by that time, we of course had provided the additional briefings to Congress, and, as I said, Director Casey had been up here for 6 or 8 hours the previous day, and I wouldn't describe the meeting or the mood as traumatic.

We were concerned about the damage to the second channel. Director Casey had, as I, had been very optimistic that with the second channel, that we had finally reached the point where we were in a position to make some significant progress in terms of setting up a process that would lead to a better relationship with Iran. And obviously we were both very disappointed that it looked like that we weren't going to be able to salvage that.

At that point, at least in my mind, there was no concern about the transfer of residual funds to the Contras. At that point, I was unaware that Director Casey was aware of it, so that particular issue wasn't discussed.

Mr. NUNN. Well, the only thing I could say, at that stage you had already gotten that long letter from Director Casey talking about the allegations about the $15 million being put in Central America, so you knew he knew there were allegations to that?

Mr. POINDEXTER. I knew he knew there were allegations to that, but I took it just that way, that it was very speculative. I was aware that generally the financial dealings in the whole business, not just our Iranian project, but across the board, in terms of financing Iranian arms purchases, were very complex. There were probably lots of financiers around the world that were participating and just because a particular individual comes in and says he speculates on this, I frankly didn't lend a lot of credibility to that.

Mr. NUNN. Admiral, I find it paradoxical that in an effort to compartmentalize, you hadn't been told by North that Casey knew. Therefore, it seems to me it was the ultimate compartmentalization, that you, in charge of a lot of this operation, did not recognize that the man you were dealing with knew an awful lot about it.

It seems to me that is the ultimate in terms of overcompartmentalization to the point it seems you could make a case it was detrimental to the relationship between you and Casey, if the testimony is entirely accurate.

Mr. POINDEXTER. I don't think it was in any way detrimental to my relationship with Bill Casey. I think that that relationship was very good. I certainly had very high respect for him and I think he did me.

It's ironic that indeed he knew. I wish that I'd known that.

Mr. NUNN. That is exactly my point. If you had known that he knew, there would have been a lot of things done differently, maybe good, maybe bad, maybe ugly——

Mr. POINDEXTER. If I had known that he knew, I think that we could have possibly done things a bit differently, which would have improved our chances of success.

Mr. NUNN. I agree.

Chairman HAMILTON. Mr. DeWine.

Mr. BECKLER. Mr. Chairman, there was one exhibit, I want to raise it since it was mentioned before by Senator Nunn when he read into the record the other day an abstract from the fitness report. Just to clarify the record, there was an inference in that fitness report which indicated that Admiral Poindexter was a good number two man who had a good memory and so on, was a good briefer.

I should point out that this is one of approximately 40 fitness reports that Admiral Poindexter received during his time in the Navy. This particular fitness report I believe was written by Admiral Holloway and at a time when Admiral Poindexter had the rank of captain in the U.S. Navy, and written at a time when he was serving in a staff position, and the isolated paragraph that Senator Nunn chose to read from it does not tell the whole story.

The last paragraph says: "Captain Poindexter. This officer has everything and he has it all together in perfect balance. He is fully

qualified now for promotion to flag rank"—that is admiral rank—"and I urge in the most positive terms that he be selected at his very first eligibility. I know of no one of his contemporaries who can equal his potential to serve with effectiveness now in a wide range of flag assignments."

That is the concluding paragraph to the fitness report that Senator Nunn read from.

Mr. NUNN. I think it is perfectly acceptable. Everything I read was very complimentary. Admiral Poindexter has had a splendid career in the U.S. Navy, and I think we can stipulate to that.

Mr. BECKLER. Thank you, Senator.

Chairman HAMILTON. Mr. DeWine.

Mr. DEWINE. Thank you very much, Mr. Chairman.

Admiral, let me first start by thanking you for your testimony, thanking you probably more importantly for your service to this country. It's my opinion that some mistakes were made, but I don't think there is any doubt that every decision you made was made in good faith. And that you thought it was in the best interests of the country. And we appreciate your service.

Admiral, isn't it your experience that Colonel North is a good soldier, takes orders, carries them out, and then reports back?

Mr. POINDEXTER. Yes. I think that is an accurate description of Colonel North.

Mr. DEWINE. That is his track record, isn't it? That is his very nature?

Mr. POINDEXTER. That is correct.

Mr. DEWINE. So if Colonel North has testified that his activities were authorized and that he reported what was going on, that would be consistent with your own experience with him, would it not?

Mr. POINDEXTER. Yes. I believe I have already testified to that.

Mr. DEWINE. How do you then account for the difference in testimony between what Colonel North said and Bud McFarlane in this area? Why do you suppose that Bud McFarlane denies that Colonel North reported to him on his activities?

Mr. POINDEXTER. I can't account for different recollections. I have testified accurately, truthfully, based on my best recollections. You know, at the time when you are involved in enormous amount of activity of a global nature, you don't sit down and analyze everything that is said or every piece of paper with the fine-tooth approach that this committee is taking. Hindsight is always very good. Obviously different people have different recollections of events at the time; and I don't really care to speculate on those recollections.

Mr. DEWINE. I appreciate that. And I understand that. But based upon your—let me phrase it this way: based upon your experience with Colonel North, you have no reason to believe that what he told this committee about that would be untrue, do you? That is not inconsistent? In fact, it is very consistent, is it not, with your experience with him?

Mr. POINDEXTER. My experience with him would indicate that his testimony up here was entirely consistent with everything that I had observed. I can testify how I felt. I felt that Colonel North kept me very well informed of the issues and items that I should be

aware of, and I was very comfortable that he was carrying out his mission in a very effective manner.

Mr. DEWINE. All right. Admiral, let me move to another area, if I could.

You know that Bud McFarlane has said that he believed the Boland Amendment applied to the NSC. We have been through this several times. Colonel North, as you know, testified that Mr. McFarlane never told him that Boland applied to the NSC. In fact, we got into this a moment ago with Mr. Boland. Mr. Boland was questioning you.

Now you told Mr. Boland that Bud McFarlane never told you the Boland Amendment applied to the NSC; is that correct?

Mr. POINDEXTER. I don't recall his ever telling me that.

Mr. DEWINE. I would like to be a little more specific, if I could. Take that just a little further.

Did he ever send you a memo saying he believed that? This is when you are the deputy, he's the head?

Mr. POINDEXTER. Yes. I don't recall it.

Mr. BECKLER. Mr. Congressman, if you have a memo to that effect, we would be happy to look at it?

Mr. DEWINE. I don't. No. No. I don't. I am just asking if he ever got a memo because I want to be very specific about this.

Did he ever call a staff meeting where he would have explained this, his position on Boland and the NSC and the applicability? Do you ever recall a staff meeting when he was head, and you were the deputy?

Mr. POINDEXTER. We had a small staff meeting every morning at 7:30 in the Situation Room with the office directors, and we had a weekly staff meeting on Wednesday evening which all members of the NSC staff were invited to attend. So those were regularly scheduled meetings. I don't recall a specific meeting on this subject, and I don't recall in those regularly scheduled staff meetings the point being made.

Mr. DEWINE. How do you account then for Mr. McFarlane's lack of candor with this committee about that?

Mr. POINDEXTER. I'm not—I don't care to characterize it as lack of candor.

Mr. DEWINE. How would you characterize it?

Mr. POINDEXTER. His recollection of events is different from mine.

Mr. DEWINE. But you don't recall.

Mr. POINDEXTER. I don't recall it.

Mr. DEWINE. You said, in I believe the first or second day of your testimony, that one of the regrets you had is that you did not have time to develop an adequate, I believe the word was, adequate damage control plan. That intrigued me. What kind of a plan would you have developed if you had time?

Mr. POINDEXTER. Well, my point there—and frankly, I am glad you came back to it. I realized after I said it it was open to interpretation.

Mr. DEWINE. I didn't interpret it any way. I just didn't know what you meant.

Mr. POINDEXTER. OK. But to close the door on the interpretation, let me tell you what I meant.

We should have anticipated the factional in-fighting within Iran and addressed the question as to how to minimize that and what to do in terms of continuing a dialogue with the Iranians if it began to leak out. We didn't address that, and I think that we should have. I did not mean to imply any sort of damage control plan with respect to domestic media or congressional reactions to it. What my concern was, frankly, the more substantive problem of how we could have controlled the damage to the United States-Iranian budding relationship so that if indeed it did begin to leak out, as it did, we could have anticipated and taken some actions earlier.

And we should have discussed openly with the second channel how to handle it. As it turned out, we hadn't discussed that, or at least to my knowledge; and so we had to carry on discussions with the second channel in November over the telephone and in trying to manage an issue as complex as that, you simply can't do it that way. We should have set down with the second channel earlier and discussed the problems and the dangers of it leaking out, one way or the other.

Mr. DEWINE. So it is not a domestic control, political control?

Mr. POINDEXTER. No.

Mr. DEWINE. We are talking about major foreign policy initiative, what happens, how do we control it if things go bad?

Mr. POINDEXTER. That is correct. That is what I meant.

Mr. DEWINE. All right. Let me turn to a PROF note, and counsel, it will be delivered to you I hope momentarily. The young page from Indiana is going to take it over there to you.

Mr. BECKLER. OK. Thank you.

Mr. DEWINE. This was dated April 16, 1986. Let me just read it. You have it in front of you. This is a PROF note from you, admiral, to Colonel North. I'll read it verbatim. "You may go ahead and go, but I want several points made clear to them. There are not to be any parts delivered until all the hostages are free in accordance with the plan that you laid out for me before. None of this half shipment before any release crap. It is either all or nothing. Also, you may tell them that the President is getting very annoyed at their continual stalling. He will not agree to any more changes in the plan. Either they agree finally on the arrangements that have been discussed or we are going to permanently cut off all contact. If they really want to save their asses from the Soviets, they should get on board. I am beginning to suspect that blank"—the name has been deleted, or the word has been deleted—"doesn't have such authority."

Do you recall that?

Mr. POINDEXTER. Yes. Obviously it is a very frank message.

Mr. DEWINE. All right. That is why I—I was trying to set the stage. I wasn't trying to put out anything that shouldn't be put out. I was trying to set the stage on that date, April 16, 1986.

Now after this note was sent, Bud McFarlane went to Tehran. There were more—frankly, more disappointments. What kept this initiative alive? The President was frustrated. You were frustrated. McFarlane was frustrated. What kept it going at that date?

Mr. POINDEXTER. Well, I think I've testified on this point before, but let me see if I can rephrase it.

Mr. DEWINE. Yes. And if you did, I apologize.

Mr. POINDEXTER. Well, that's all right.

Mr. DEWINE. I didn't get from that date on.

Mr. POINDEXTER. The problem is when you start any project, whether it's a project in foreign policy or involves the national security of the country, you start off with a plan and you lay out objectives, milestones that you want to reach. Seldom does an actual project follow the plan. You've got to adjust for it. I was in this note trying to be very emphatic and thus my choice of a few of those words to Colonel North that I wanted him and the others that were representing Bill Casey to be as tough as possible and that was our objective, as laid out in that note.

Now when we weren't able to reach that objective, we had to reassess. The President was unwilling to give up. He thought that there were still possibilities and his message was always try harder; and we kept trying. And that is why we continued.

Mr. DEWINE. Was there anything else that kept the thing going? Pretty much you are saying it is the desire just to keep moving? And the desire to—

Mr. POINDEXTER. I don't—I don't know of anything else that kept it going from my standpoint or the President's standpoint.

Mr. DEWINE. All right. Let me turn if I could, Admiral, to another area.

You have testified that—it's been consistent with everybody else's testimony, that the Secretary of State was opposed to the Iran arms deal; is that correct?

Mr. POINDEXTER. He was. That is correct.

Mr. DEWINE. Now this arms deal was a major foreign policy initiative of this Administration; there is no doubt about that, is there?

Mr. POINDEXTER. I would characterize it as the Iranian project was a major foreign policy initiative.

Mr. DEWINE. But it was major?

Mr. POINDEXTER. It was major.

Mr. DEWINE. And everybody——

Mr. POINDEXTER. Excuse me. It was major because of the strategic importance of Iran to the United States and the free world.

Mr. DEWINE. And everybody understood that? They understood the sensitivity of it, the importance of it?

Mr. POINDEXTER. Yes.

Mr. DEWINE. Yet the Secretary, Secretary Shultz, told you he disagreed with it? And told you, further, that he didn't want to know the details of the operation; is that correct?

Mr. POINDEXTER. To be—and I want to be fair to George Shultz, he disagreed with the arms aspect of the initiative. He didn't think that was appropriate. He saw that as creating problems. In trying to maintain Operation Staunch, many of our allies were anxious to transfer arms to Iran; and he was afraid that if it became known that we were involved with that, that that would open the flood gates. And I think, you know, it was a legitimate concern and was certainly factored into my thinking and the President's thinking. He wasn't opposed to the strategic objectives.

Mr. DEWINE. I understand. He also told you, did he not, though, that he didn't really want to know the details?

Mr. POINDEXTER. At one point he did tell me that.

Mr. DEWINE. Admiral, wouldn't you agree that on an issue as—this important, having—very, very important to the Administration, that that required the Secretary of State to give the President his best advice and then if the President went the other way—which he did—to give him his full support?

Mr. POINDEXTER. I think——

Mr. DEWINE. Not just to back away from it?

Mr. POINDEXTER. I think that's important.

Mr. DEWINE. The fact is, the sad fact is the Secretary of State chose to protect his own position, did he not?

Mr. POINDEXTER. You could draw that conclusion.

Mr. DEWINE. Let me move to another area.

You testified in response to Senator Nunn's questions about the 1985 December—you have characterized it as the December Finding. I think you have been very clear about that. What specifically—you told us what was wrong with it, that it didn't accurately reflect what the President's real meaning, real intent was. Very, very quickly, if you could—and I want you to take the time you need—could you explain to me what should have specifically been in that Finding?

Mr. POINDEXTER. What should have been in it is essentially all of the material that wound up in the 17 January Finding, because the 17 January Finding, except for the detail of going direct United States to Iran rather than Israel to Iran, except for that, the January 17 Finding is really consistent with the President's initial thinking on what our objectives ought to be.

Mr. DEWINE. So if we would look at that Finding, that is pretty much what should have been in that earlier Finding?

Mr. POINDEXTER. That is correct.

Mr. DEWINE. Let me move to one final area, if I could.

You have said again and again—in fact, you said this morning—that you did not micromanage Ollie North, that your management style was, frankly, very similar to the President's. So my question, admiral, is this: Just who was the detail person in this scenario?

Mr. POINDEXTER. Well, I think, you know, it obviously depends upon what level of detail you are talking about. Certainly General Secord, in terms of the Contra support operation and the details of the movement of the arms, was in it at a much greater level of detail than Colonel North.

Colonel North was heavily involved in the details of the discussions with the Iranian officials. He was heavily involved with the details about the hostages. So, you know, it depends.

Mr. DEWINE. Maybe——

Mr. POINDEXTER. You know, I think in an organization, my view as to the way they ought to run is that you have some sort of hierarchial structure, and the level of detail addressed at each level depends upon where it is in the structure.

Mr. DEWINE. I guess, Admiral, what bothers me is who was in charge of the details in regard to Secord and North? Who took care of that?

Mr. POINDEXTER. You are talking about oversight? Is that——

Mr. DEWINE. Well, let me just be specific. Who in this operation was worried about the legalities? Who was putting up the red flag and saying we have—maybe we have a problem here, maybe we

have a potential problem? I am not conceding what some of my colleagues say, that everything that was going on was illegal. I think a lot of this thing is frankly very, very unclear. So I am not being critical in that respect.

But it seems to me there is a flag that should have been going up, a flag should have been going up, I think, in regard to the money. Every—virtually every scandal we have had in the 200-year history of this country, or most of them, have had to do with money. It seems when you got that much money, when you are involved with that millions of dollars, and you add to it in this case, you got private folks involved, it just seems in—hindsight is always good—but it just seems to me maybe a flag should have gone up, and maybe that is your level.

Mr. POINDEXTER. Mr. DeWine, that implies looking at the problem in a different way than I was looking at it. Clearly, if appropriated moneys of the U.S. Government, in other words, U.S. taxpayers' money is involved, you know, you probably have to have, as we do have, a very detailed accounting system to make sure the money is all spent for its intended purpose.

But here we are not talking about U.S.-appropriated funds. We are talking about private funds, third-country funds that really are outside of the purview of the U.S. Government, and the trust and confidence that I have and had in General Secord did not give rise to any concern in my eyes that he wouldn't use the money in the best interests of the United States.

Mr. DEWINE. But, Admiral, in hindsight, looking back, with what we know now—and that is always an advantage that we have up here—no doubt about that—but looking back, with all that money being involved—and I am not going to get into whose money it is. A court is going to decide that. We are not going to decide that. You and I are not going to decide that today.

But wouldn't that have been a way to eliminate a lot of this problem, if records would have been kept? Wouldn't that—assuming everybody is totally honest, isn't that how you protect honest people by having good records? You don't have good records to protect dishonest people. You have them to protect honest people. And isn't that a problem here? In hindsight, looking back?

Mr. POINDEXTER. In hindsight, it would have been useful, I think, in terms of assuring that the money was getting to the Contras in the amounts that it should have been. And I am not conceding that that is not the case.

But to answer your questions that have been raised in this committee, it would obviously have been easier on the witnesses to have detailed records.

The—obviously, there are some records. I have not had the opportunity to look at them. Frankly, I don't care to. So, you know, somebody is going to have to draw some judgments as to how accurate those records are.

Mr. DEWINE. Admiral, in conclusion—I see that my time is up, I appreciate the chairman's indulgence very much—it just seems to me that looking back that when this whole thing started to break up in November, 1986, when the negotiation started to come out, that it would have been better if you would have gone to the President of the United States and said, "Mr. President, there is one es-

sential fact that you don't know, and here is what it is" and told him about that diversion. It seems to me that then the President would have been able to go on TV, that he would have had the essential facts, and I just—I don't know, but I just suspect that Ronald Reagan, being the great communicator that he is, if he had all of the facts and went in front of the American people back in November, I think we all would have been spared, yourself included, a lot of this. Now that may be hindsight. I may be wrong. But I think we would have been.

I think what happened is that you, in essence, didn't give that great communicator the basic facts so that he could communicate directly to the people of this country.

Now what you said on the first day was very interesting. You came in here, and you said, "The buck stops with me." And I appreciate that. I understand that. But the sad truth is that in this country, the buck can only stop one place, and that is in the Oval Office. That sign originally was in Harry Truman's Oval Office, not on his National Security Adviser's desk.

If I could just finish, and you can certainly respond, that to me is the real problem, looking back at this thing. I think, in essence, you took the key player, the best player, out of the game. The premier politician of this generation, Ronald Reagan, did not have the opportunity to have the essential facts to make what, in essence, was a political judgment, not political in a partisan sense, but political in its purest, finest sense of making a judgment of how to communicate to the American people and what the American people would accept and what they would not and to be able to level with the American people.

And we—you took really, by your decision, took him out of the game. So he didn't have the opportunity to play. And, in essence, I know this wasn't your intent, but, in essence, you put yourself between Ronald Reagan and the American people. And I think, in essence, that hurt the President and I think it also hurt the American people.

Thank you very much, Mr. Chairman.

Mr. POINDEXTER. May I respond?

Mr. DEWINE. Yes, sir. You certainly can.

Mr. POINDEXTER. Well, you really, I think, Mr. DeWine, are addressing two timeframes. One, November, 1986, and one, February, 1986, as I understood your comments.

Now, I have testified——

Mr. DEWINE. Excuse me. I was actually referring to when this whole thing—I wasn't referring—or we could—to your original decision as to withhold. I am talking about when it was breaking loose. He didn't have the facts when he went on National TV. I confine it to that. I didn't get into the other. We could, but I didn't.

Mr. POINDEXTER. As I have testified earlier, I did not establish the time table for my departure from the White House. There was a meeting which I did not attend after my 9:30 meeting with the President in which I assume this issue was discussed.

With hindsight, I have also testified earlier, that I think that the decision to have me resign that day was premature. On the preceding day, on Monday, I had indicated to Ed Meese that I was pre-

pared to resign; but then I was, frankly, surprised when he informed me the following morning that I should resign that day.

You know, I don't know what factors went into the discussion with the President at the meeting that followed mine, but with hindsight, I think it would have been better if I had stayed and if we had pulled together all of the facts so the President could have explained it.

Now, I am not naive enough to believe that that would have completely solved the problem. I think, as I have testified, I think that that would have increased the speculation as to whether the President knew or didn't know eventually. I don't know. Hindsight is always very good. We have to go on the basis of what happened.

Mr. DEWINE. Thank you, Admiral, very much. Thank you, Mr. Chairman.

Chairman HAMILTON. The chair's intention will be to complete Admiral Poindexter's testimony this afternoon. Admiral, it is my best estimate that we may be able to do it, if we have good fortune, in about 2 hours' time this afternoon. We will do our best.

We will begin when we return with Chairman Inouye at 2:00 p.m. At the end of Admiral Poindexter's testimony, the committees will be in recess until Thursday morning at 9:00 o'clock. The committees will reconvene at that time in this room to hear the testimony of Secretary of State Shultz. We expect his testimony to take 2 days, Thursday and Friday.

The committees will be in recess next Monday. We will reconvene on Tuesday, July 28, in the Senate Caucus room to take the testimony of Attorney General Meese, former White House Chief of Staff Donald Regan, and Defense Secretary Weinberger. If other witnesses are to be called, their names will be announced. If the hearings continue into the first week of August, they will be held in the Senate Caucus Room.

The joint hearings will stand in recess now until 2:00 p.m.

[Whereupon, at 12:10 p.m., the Select Committees recessed, to reconvene at 2:00 p.m. the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman HAMILTON. The joint hearings will resume.

The Chair recognizes the distinguished Chairman of the Senate Committee, Chairman Inouye.

Chairman INOUYE. Thank you very much.

Good afternoon, admiral, Mr. Beckler.

Mr. POINDEXTER. Good afternoon.

Chairman INOUYE. Like many Americans and I presume like both of you, I watch the Sunday talk shows, Face the Nation, the Brinkley hour, and Meet the Press.

There were certain common threads throughout these three shows.

For example, on all three, the lead story was Admiral Poindexter and the hearings, and I think the lead question was almost identi-

cal in all cases in something like this—can you believe the admiral; is his credibility good?

Now there was another common thread. There were some who were pleased with the admiral's declaration that the President was not aware of the diversion, but equally when the admiral indicated that the President knew of the sale of arms in exchange for hostages, and the same was true for those who felt otherwise.

Now, that being the case, I could well understand your feeling, Admiral. I have been in this business now since 1954, and during these many years, there have been some who have suggested that I have been less than candid, some have openly said I have lied, and it is not a happy feeling. It is distressing to say the least, disturbing and irritating.

Let's touch the diversion, because this was the subject matter of all the talk shows this past Sunday.

The diversion, for example, has been characterized as being a neat idea, I believe you called it a neat idea. Colonel North also called it a neat idea, and two members of this panel agreed that it was a neat idea.

Secondly, I believe on several occasions, you responded to questions indicating that as far as you are concerned, it was legal.

Am I correct on that, sir?

Mr. POINDEXTER. Yes, That is correct. I think I described it as a good idea.

Chairman INOUYE. A good idea, I will take that correction, sir. And you also indicated that this was really just an implementation detail, I think these are the two words you used, of foreign policy that was loudly and clearly announced by the President of the United States, not on one occasion, but several occasions.

And you went further to indicate that the President is not afraid to make tough decisions.

Now, one would think that if you had a neat idea or a good idea, a legal idea, that others concur would be a neat idea, I would like to brag about it. I would go to my boss and say, "Boss, I have got a neat idea. I have got a good idea. I can show you how we can pay for the Contras, provide them with arms, and" as you said, "it won't cost the taxpayers any money."

But instead, you made a decision, according to your testimony, you and you alone, to set up a very elaborate scheme of keeping this secret.

Well, you decided not to tell the President because it would result in a political explosion. And this was done 6 weeks after you assumed the high position of National Security Adviser.

I am certain you were well aware that Mr. Casey was the campaign manager of the President. He was the political brains in the White House. He was an expert on covert activities, and yet here again you felt that you should not discuss this matter with him because, in the case of Mr. Casey, you didn't want to face that awful possibility of having to withhold information from the Congress.

Then you decided to withhold this information from members of the Cabinet, the Secretary of State, the Secretary of Defense, the Attorney General, and when asked earlier this morning about the chairman of the Joint Chiefs of Staff, well, he is subordinate to the

Secretary of Defense, so if you are not going to give it to the Secretary of Defense, why give it to the chairman of the Joint Chiefs?

Then, needless to say, if you are not going to give information to the above, you are not going to give it to the Congress, which you did not, but more specifically, you decided to withhold information not from the Congress of the United States, but from the leadership of the United States Congress; it was just a few people, and the members of the Intelligence Committees of both the House and the Senate.

I think with that type of testimony some of us are justified in asking ourselves, and in this case I will ask you this—you have had about a week to review your testimony, to sharpen your skills of recall.

Do you have any clarification you would like to make or can you tell us whether information is being withheld from us today or during the past week?

Mr. POINDEXTER. Mr. Chairman, absolutely not. I have not withheld any information in this hearing that I can accurately recall or have any recollection of, and what I have testified as I swore at the beginning of these hearings is the absolute truth and the whole truth.

Chairman INOUYE. I will not go through the contradictory testimony we have received from other witnesses such as Colonel North about the five memos and such; enough has been said about this.

But I would like to just close up with an observation. I will not take up my 15 minutes.

First of all, my colleagues have discussed the morality involved in lying or not lying. I am not a moralist, so I won't know what is right or wrong, but I think there is a difference between lying to a North Korean interrogator where my life is on the line and withholding information from the Attorney General or the Congress of the United States.

I would hope to believe that the Attorney General is someone a bit more trustworthy, and for that matter friendly and not an adversary as one would find in a North Korean interrogator.

I just wanted to share my thoughts because some have suggested that there are moments when lying may be justified.

The other observation I would like to make is one that really saddens me. I hope my observation is inaccurate. Before I do that, I would like to ask you a question.

In all the times you have appeared before the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence, were you required to take an oath?

Mr. POINDEXTER. I don't think by my recollection that I ever appeared in formal sessions before either one of those committees. The standard procedure in this Administration and previous Administrations is that the President's personal staff do not appear to testify before congressional committees, with or without oaths.

I did meet informally with the respective Chairman and Vice Chairman of the Intelligence Committees. Sometimes other Members would be there. It was not a formal hearing with any sort of transcript because we didn't want to set the precedent of the President's personal staff being put into a position of having to answer

questions about very private conversations with the President in his decision-making process.

Mr. BECKLER. That is with the exception of some of those committee appearances that took place in late November or December of 1986.

Chairman INOUYE. Were you aware, can you tell us whether the Director of Central Intelligence was required to take the oath?

Mr. POINDEXTER. I think he at least on the Senate side, I can recall one incident in which that issue was raised, and my recollection is that it was decided not to put him under oath.

Chairman INOUYE. My objection, after sitting through many, many weeks of hearings, is that in the coming months, in the coming years, I hope it is just for a short period, the distrust that has been displayed by some of the members of Congress will result in members of the administration being required to take the oath.

I was Chairman of the Intelligence Committee for 2 years and a member for 6 additional years, and I cannot recall any instance in either open or closed sessions where we required the Director of Central Intelligence or the members of the Intelligence Community to take the oath.

I would hope that this matter can be cleared as soon as possible, because it does not bode well for the establishment and maintenance of good relations between the Executive and Legislative branches, and I think that is the essence of what we are here for, to see what happened in the relationship between the Executive and the Legislative Branches.

I just hope that we can once again restore the trust and faith that is absolutely essential if this democracy is to function well.

These days have been difficult for you, and I can assure you they have been difficult for us also—maybe not as great as your difficulty. But I hope that when all the dust settles, all will be well with your family once again.

Thank you very much.

Chairman HAMILTON. Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman.

Admiral, I'll be brief.

The decision to fire Colonel North was made by whom?

Mr. POINDEXTER. I don't know the answer to that, Mr. Jenkins.

Mr. JENKINS. Was it someone within the administration?

Mr. POINDEXTER. Again, I simply don't know. I did not play a single part in that decision.

I'm unaware—I assume that it—the decision came about as a result of the President's meeting with his advisers after I talked to him at 9:30 on the 25th, but I did not participate in that meeting and I don't know whether the decision was taken there or when.

In my meeting with Ed Meese the morning of the 25th, it was my understanding that Colonel North would simply be transferred back to the Defense Department.

Mr. JENKINS. The ultimate decision, of course, was made by the President?

Mr. POINDEXTER. I don't—I really don't know that.

Mr. JENKINS. We don't even know who fired North?

Mr. POINDEXTER. Unfortunately, the only thing that I know about it is what I heard and I suppose you heard on the television with Ed Meese in the White House press room.

Mr. JENKINS. Who made the decision to relieve you of your responsibilities?

Mr. POINDEXTER. Oh, the President clearly.

Mr. JENKINS. Who made the decision to commence a criminal investigation of you and Colonel North and others?

Mr. POINDEXTER. Again, Mr. Jenkins, I don't know the answer to that.

Mr. JENKINS. Was it someone within the administration?

Mr. POINDEXTER. Presumably.

Mr. JENKINS. Well, I thought I was going to establish very clearly that it wasn't the Congress that fired Colonel North or relieved you of your responsibilities or started a criminal investigation, and obviously we can't.

Mr. POINDEXTER. I would attest to that, Mr. Jenkins; it wasn't the Congress.

Mr. JENKINS. Thank you.

The meeting which—the Iran meeting where McFarlane participated, before he went to Iran. Did you call a meeting with McFarlane and others who were engaged in that meeting?

Mr. POINDEXTER. Yes, I believe we did have a meeting.

Mr. JENKINS. Who all attended that meeting to get your signals straight?

Mr. POINDEXTER. I don't remember who all was there. We had worked for some time on the Terms of Reference for such a meeting, and I had discussed those Terms of Reference with Secretary Shultz and gotten the President's approval on the Terms of Reference, and then had a meeting with Mr. McFarlane before he left. There were probably other staff officers there, but I frankly can't remember who they were. Probably Colonel North, maybe Howard Teicher, who also went on the trip.

Mr. JENKINS. The reason I asked that, obviously there was a disagreement or has been a disagreement between the participants there as to whether or not all the prisoners were to be released or not. McFarlane obviously thought that they were. Mr. Secord, and I believe Colonel North, indicated that they were not.

Did you discuss this at the meeting?

Mr. POINDEXTER. I'm certain we did, and, in fact, I think you have one of the exhibits, a PROF note from me to Mr. McFarlane on that point. But I think it is important to put that in perspective.

It was my understanding that we were going to get all of the hostages out, and it was also our clear objective to get all the hostages out.

Mr. JENKINS. I understand that.

Mr. POINDEXTER. There was no assurance—we had been misled up to that point. There was absolutely no assurance that we would get them all out. And the President's main point, which I passed on to Mr. McFarlane, was that there were to be no further arms or parts transfers at that point unless we got all the hostages out.

Mr. JENKINS. But Secord and Hakim thought otherwise.

Mr. POINDEXTER. From testimony I've heard, I understand that there is a disconnect there.

Mr. JENKINS. It is inconceivable to me when you are arranging a trip of this importance that the players don't understand what the terms are.

Mr. POINDEXTER. No, I don't—I would not characterize it that way. As I said, no matter what we had been told, we clearly recognized that we had no assurances that we would—no positive, absolute assurances that we would get all the hostages out. That was our objective. That was our go-ahead position.

Mr. JENKINS. It seems to me we have had—of course, I understand when you succeed, you don't have examinations, but when there is a failure, obviously we try to go back and find out why we have failed.

In the November, '85, endeavor the Iranians thought we were lying because of the mix-up on the HAWK missiles.

Mr. POINDEXTER. They—to correct that, if I may, the Iranians felt the Israelis were lying.

Mr. JENKINS. At any rate, they felt they were being double-crossed in the November, '85, meeting.

In the February, '86, meeting in Frankfurt with the first channel, we thought at that time that Ghorbanifar was double-dealing, according to testimony of North and Hakim.

In the May, '86, situation that I have just gone over, there seemed to be a lack of clear understanding between the players on our side. And it appears to me that you were having to run this operation without the cooperation of the other agencies that we would normally have, such as State Department and Defense Department and other agencies that would normally be involved; is that correct?

Mr. POINDEXTER. We certainly did not include in the—other than the logistics portion of it, anybody from the Defense Department. As I said, I did discuss with Secretary Shultz the Terms of Reference for Mr. McFarlane's trip. He was aware of that, and I did not know who if anybody he had talked to within his department.

But I think it is important, Mr. Jenkins, to understand that both in Colonel North and in the—in George Cave, who Bill Casey was using, and the others at the CIA that were involved, and I think most of their names have been protected, and in General Secord, we had people that were very experienced, very professional, and were completely competent to carry out this project.

Now, I think it is fair to say, and I hope it is acknowledged, that you never have intelligence that is 100 percent accurate, and things don't always go according to plan. If they did, it wouldn't be a high-risk operation.

Mr. JENKINS. I understand that. I also understand the desire to open a dialogue with Iran. That is a Presidential decision. I find some fault, as a lot of people do, as to whether or not that was a wise or unwise decision in the manner that it was opened, and that is, of course, the arms precondition.

And the first impression that I gained was that we were trying to deal with moderates, but the facts are, of course, that the weapons didn't go to the moderates; they went to the radicals, didn't they?

Mr. POINDEXTER. I don't think that is entirely clear, Mr. Jenkins.

Mr. JENKINS. Well, who did the weapons go to?

Mr. POINDEXTER. I would—sometimes I may have used the term moderate. I have tried hard to stick to the word pragmatic. I think that is a more accurate description of the faction that we were trying to deal with.

I don't think that we can be certain as to exactly who in the Iranian government received the weapons, but our belief was that they were going to elements that were supportive of the pragmatic leaders that we were trying to get to.

And just as an example of that—I'm not sure this has come out, but it has to do with another country in the area which we asked the Iranians to help. Has that come out?

Chairman HAMILTON. Admiral, I think it has not come out and I would suggest that you reserve that for executive session, if you would, please.

Mr. JENKINS. And I don't want to tread on any question that maybe might ought to be taken up in executive session, but maybe I could simply ask, am I incorrect that the 4000 TOWs that were contemplated were not to go to the Government of Iran? The Government officials?

Mr. POINDEXTER. Oh, certainly they were.

Mr. JENKINS. Well, aren't they the radical——

Mr. POINDEXTER. No, not at all. There are some radicals, and there are some pragmatic elements and there is a third element that our intelligence experts have categorized as conservative; but it is no different—well, I shouldn't say that. It is obviously very different from other countries. It is a revolutionary government, but there is a mixture, a spectrum of beliefs held by the various members of that government.

Mr. JENKINS. I understand that, that there are different elements within the country.

Mr. POINDEXTER. Everyone within the government, Mr. Jenkins.

Mr. JENKINS. Would you assume that the leader of Iran knew that we were getting—they were getting TOWs from us?

Mr. POINDEXTER. I don't think that it was ever totally clear to us exactly what Ayatollah Khomeini knew or didn't know about this. We were told that he was aware of the contact.

Mr. JENKINS. Maybe I can pursue this later in executive session. I want to switch rather quickly. And I hate to go back over this financial thing, but I must be honest with you in saying that I think the reason that it gives the committee members such difficulty is that it is difficult for us to understand how this was a private commercial endeavor by Mr. Hakim and General Secord; and yet directed apparently by government officials. I don't ask you to agree or disagree with that statement, but I am simply making that as a premise to my questions about the profits or residuals.

Mr. BECKLER. May I have a second, please.

Mr. POINDEXTER. Excuse me.

Mr. JENKINS. Sure.

Both you and Colonel North have testified that you certainly did not anticipate or expect that Mr. Hakim and General Secord would make a lot of profits, that you anticipated that they would receive reasonable compensation for their efforts; is that correct?

Mr. POINDEXTER. That is correct.

Mr. JENKINS. Now who determines what is reasonable? That bothers me. Do you know?

Mr. POINDEXTER. I don't know. I'm not really able to put a finger on what is reasonable or unreasonable. I know there have been a lot of figures thrown around up here. I understand from some of the telegrams I've gotten that the percentages, profit, markup, and so forth get very complex.

Mr. JENKINS. Well, whatever it is, who determines what is reasonable is my question?

Mr. POINDEXTER. I think the people engaged in the project. I had great, as I have said time and time again, trust and confidence in General Secord. I did not know Mr. Hakim. In fact, I don't think I had ever seen him until I saw him here testifying before these committees.

Mr. JENKINS. In other words, Mr. Hakim——

I would hope, Mr. Chairman, I could have a little more time since there has been a great deal of conferring.

Chairman HAMILTON. You may, sir.

Mr. BECKLER. There will be lots of time for questions. I think this is an area that has been gone over before. We are not going to enforce the yellow light or the red light, but it is important for me to confer, Mr. Chairman.

Chairman HAMILTON. I understand that, counsel. You leave the enforcement up to me, if you would, please?

Mr. BECKLER. Absolutely, sir.

Chairman HAMILTON. Thank you.

Mr. POINDEXTER. Excuse me.

Mr. JENKINS. You assumed that Mr. Hakim and General Secord will make their own determination as to what is reasonable?

Mr. POINDEXTER. That is correct. You know, it is not all that much different, in my mind, from the way that the Defense Department contracts to build a weapons system.

Mr. JENKINS. You mean, they just leave it up to the defense contractor?

Mr. POINDEXTER. No. No. Not at all. But, you know, a bid is submitted. If the person can do it for less cost than he initially realized, then his profit can be greater. You know, this was an arrangement whereby the President had authorized the—Bill Casey to use private third parties. There was agreement, informal agreement reached that they would do it; and once the Enterprise started with regard to the Iranian project, the possibility was raised with me that there could be residuals generated and that the private parties involved would be willing to provide those residuals to support the Contras, which was the other effort that General Secord was involved with.

I think, you know, some people may have trouble understanding that. And I think there are many Members of Congress that understand that, and I think there's a large number of people in America that understand that.

Mr. JENKINS. Well, Hakim testified that he really negotiated with himself as to how much he would keep on any particular sale. That didn't seem to me to be the normal commercial operation, I guess. That's what concerns, I think, a lot of committee members. Maybe some understand it.

I have problems with it, and I think that others do, too.

I want to hand you, on another area—you recall Mr. Sporkin telling you that he had problems with General Secord when he learned that he was a part of the operation?

Mr. POINDEXTER. I recall being aware that Mr. Sporkin had problems with General Secord and my telephone schedule indicates I talked to him, Sporkin, on the telephone in January. I don't recall specifically that conversation. That could have been the time that he raised those concerns.

Mr. JENKINS. Mr. Sporkin was, of course, counsel to the CIA, was he not?

Mr. POINDEXTER. That is correct.

Mr. JENKINS. When he learned that Secord was involved in the Central American—the Nicaragua operation, he called you to tell you that he had concerns if, in fact, Secord was a part of the operation, did he not?

Mr. POINDEXTER. As I say, my records indicate that he called me. I was aware that he didn't much care for General Secord. I don't recall the specific conversation.

Mr. JENKINS. Did you know that he had had the unfortunate responsibility of at one time denying General Secord a security clearance?

Mr. POINDEXTER. I don't recall knowing that. But the main point, Mr. Jenkins, to me was that I had talked after that and, as a matter of fact, before that, I had talked to Bill Casey about Dick Secord and Bill agreed with me. He did not think there were any grounds that were justified and—to have any doubt at all about General Secord. And he agreed with me in January of 1986 that Dick Secord was a great patriot and he was very comfortable in using Dick Secord in this role.

Now I specifically discussed with Bill Casey the concerns that were raised by some of the people at the Agency and Stanley Sporkin was one of those people; and Bill essentially dismissed those concerns.

Mr. JENKINS. So he cleared up any problem that you had——

Mr. POINDEXTER. I didn't have any problem to begin with.

Mr. JENKINS. But Sporkin had problems?

Mr. POINDEXTER. Sporkin had a problem, and, you know, you will have to—if you haven't talked to him—I guess you have—get his views.

Mr. JENKINS. We have talked to him. I know my time is up, Mr. Chairman. I would simply like to end with one question on the central issue of deniability. You testified that at the time you approved of the diversion that you knew that it, if it were ever revealed, that you would have to resign, I believe was your testimony.

Mr. POINDEXTER. That is correct.

Mr. JENKINS. This seems to be such a statement that you were going to make a decision that you knew would result in your having to resign from your position, and even in view of that, you decided, as you testified, not to reveal that to the President of the United States?

Mr. POINDEXTER. That's correct. I knew it would be a very controversial political issue.

Mr. JENKINS. So that he would have deniability?

Mr. POINDEXTER. That's correct. I wanted him insulated from the decision. And I think the American people understand that.

Mr. JENKINS. Well, maybe they do. I guess the analogy that I think of many times is people in our position of having to face the people and have elections and sometimes supporters get carried away, and you make a statement that I have to carry that county or that precinct or that area, that's my objective, that's my policy; but don't tell me any of the details; and then your campaign manager or people around you start all sorts of rumors and falsehoods and then you can deny it. I didn't know anything about it. It seems to me that that type of plausible deniability is at best a technical truth.

Thank you, Mr. Chairman.

Mr. POINDEXTER. Could I respond to that, the last part of that?

Mr. JENKINS. Certainly. Certainly.

Mr. POINDEXTER. Since these hearings have begun, at least my part of them, I have received literally thousands of telegrams and letters from people all over the country. About 98 to 99 percent of those are very positive. The other 1 to 2 percent are not. They clearly indicate to me that the people understand, they are getting the message, they are supportive of the actions that I have taken, and the President has taken, and they are appreciative. The expressions of appreciation that they have made make the sacrifice all worth it to me, and I just thought it might be interesting for the committee, I pulled out one letter which I think is truly representative and it's from a lady in Conyers, Georgia, dated July 17, 1987.

Mr. JENKINS. Not my district, but I am delighted it is from Georgia.

Mr. BECKLER. Maybe it is Senator Nunn's.

Mr. POINDEXTER. When I selected this letter, I frankly didn't even notice where it was from, but I thought I should mention where it is from.

It is very short, and it is representative, and I would just like to read it. Because—I would also like to thank the American people that have sent in these letters and telegrams, because it has been very helpful to me, and I read every one that has come in.

"Dear Admiral Poindexter: I just wanted to write to you to let you now that my husband and I fully support you. We believe in what you did and believe that you and Colonel North have served your country well. I am very much encouraged to know there are men of your courage and dedication to your country serving America. I know this has to be a very difficult time for you and your family. I hope I can encourage you to believe that already your sacrifice has not been in vain. I'm only one person, but I must be typical of many average citizens. I have listened to almost all of the hearings with you and Colonel North. If I had to miss some, I taped them and watched later.

"For the first time, I felt I knew what was at stake in Nicaragua and who the Contras really are. I tried to know before, but news stories were always contradictory. I have made my support of funding for the Contras known to all applicable Members of Congress and will again at the time of a vote.

"In addition, I have for the first time truly seen how utterly biased the news media is. They have made false statements, misleading out-of-context quotes, and innuendoes designed to shape the opinion of the public. I would hear your actual testimony, and five minutes later hear commentators tell me what you said, and it would not be at all true. I am horrified at the power they have in America.

"When things are taking place that I cannot watch, where do I get the truth? At least I can write the management and express my displeasure at the irresponsible untruthful reporting.

"I have felt that Congress has over a number of years been gradually usurping the powers and duties of the Executive Branch of government. They have been greedy to gain power and control in all areas. These hearings have driven this point home as well. The crimes I have been guilty of are apathy and passivity. I am determined to correct that now. I see it is too crucial to our nation. I've written more letters in the past week than I've written in the past five years. I am only one voice, but since I am just an average person, there must be others like me.

"The personal trials that you are undergoing now have shined a light in many areas. I believe we have the opportunity for a turning point in America. I hope and pray that we don't let it slip away. God bless you and your family. Thank you for your service to all of America. Sincerely."

And I am going to leave her name off.

Mr. JENKINS. I think that is a very nice letter, and she could well live in my district. I would have no problems with that, as you well know. I support the Contra effort. I simply believe that it ought to be done through the United States Government which, of course, you have indicated that it could not because of a cutoff; and incidentally, my good friend, Ed Boland, has been maligned. I notice the first Boland Amendment passed the House by 411 to nothing, including most of the people on this panel, because it was a substitute for a more harsh amendment by Mr. Harkin.

But there has been a great deal of controversy, and I watched you very carefully. I think I attended every meeting. When you tell me that you didn't tell the President, I accept that. I accept that fully, even though I may disagree with the action that was taken, which I do, with the private—what I call the private effort. I think that is a terrible mistake.

But I understand the motives that you had that were good. I, more than anything else, believe in the rule of law and no one on the House Floor, to my knowledge, when I lost—and I have read the entire debate, it is now in one volume. No one ever thought, including myself, that we could have the effort that we have had through the National Security Council. I mean, that is not the only bill that has ever come through the House that we didn't know everything that was in it. But I would have to say that that was the most covert bill that I have ever seen.

Thank you.

Chairman HAMILTON. Senator Rudman.

Mr. RUDMAN. Thank you, Mr. Chairman. I am going to use the time I had left, not very much. I really only have one question.

You may wish to turn to a reference page, although it is an opinion, not a fact, counsel. It is on page 60 of yesterday's testimony, line 1377. I am going to read it to you, Admiral, because I think that these hearings are about broad issues. They are about policy, relations between the Congress and the President, and the American people. In fact, in a way it kind of picks up off the last paragraph of your correspondent's letter to you because she talked about the usurpation of power by Congress. One thing I think we can do is insist that every student in every high school read the Constitution. Everybody read it. I have a feeling a lot of people don't understand it, including a lot who probably have read it.

Starting on line 1377, page 60, July 20, a.m. testimony, the very end of Congressman Cheney's examination.

Mr. BECKLER. Got it.

Mr. RUDMAN. This is the Admiral speaking, and there is one typo in 1378. It says "he", and it means "the".

"I think there needs to be a greater acceptance of the fact that the President's power under the Constitution makes him the primary architect of foreign policy; and the American people have a chance every four years to confirm or deny that particular foreign policy. And the President ought to be given an opportunity to carry out that foreign policy that he has campaigned on.

"And if there is greater acceptance of that, then I think there will be more willingness to talk to limited numbers of Members of Congress, that Congress decides are the appropriate ones, and then other people in the Congress ought to stay out of the issue. That is my personal view."

Now I just want to ask you a couple of questions about that statement, because I think in a sense if I understand what you are saying, it is a—I find it astonishing. But I find a lot of things astonishing other people don't. That is not only remarkable. I just want to find out what you really mean.

As to the second paragraph, starting on line 1384, "And if there is greater acceptance of that, then I think there will be more willingness to talk to limited numbers of Members of Congress." Are you saying if there is not greater acceptance of a stated policy of a President that there will not or ought not to be a willingness to discuss it with the Congress? That is what flows from that statement. Or are you describing what happened?

I guess I want to know if you are talking prospectively, real time, retrospectively? What do you mean by that?

Mr. POINDEXTER. Well, retrospectively, and I think somebody, one of the members of one of these committees, brought it up the other day. We have had problems in the past where either leaks or the condoning of leaks or the threat of leaks has been used to stop something that the President wants to do; and I don't think that is appropriate, and I think that sort of atmosphere leads to an unwillingness on the part of the Executive Branch to be completely candid with the Congress. That is my personal view.

Mr. RUDMAN. So your view, I guess, is if there is contention over a particular policy and that contention can lead to results which you and I would both agree are certainly improper, that you would expect there would be less willingness and should be less willingness to talk to Congress under those circumstances?

Mr. POINDEXTER. Well, whether would or should, I am not sure. I think there would be.

Mr. RUDMAN. Let me go to the first part of the statement, and the last two lines, 1381 and 1382. Last question I have. "And the President ought to be given an opportunity to carry out that foreign policy that he has campaigned on."

By that, I assume from those words that when the President was elected—and he carried 49 out of 50 States, overwhelming—but whether he carried 49 or whatever, he won. He is the President. You are saying that the Congress ought to give him much greater latitude in carrying out that foreign policy even though the Congress has a role in the Constitution?

For instance, the appropriations power is probably the most absolute of any power in the Constitution given to the Congress. But you are saying aside from the appropriations power, that the Congress really ought to back off a bit and let the President carry out that policy because he was elected by the people, is that your position?

Mr. POINDEXTER. That is my position, Senator. And, you know, I clearly recognize the constitutional authority of the Congress to appropriate moneys. But I don't think that that vehicle should be used to try to restrict what the President can do in foreign policy. It obviously will restrict his use of appropriated funds, but I think many members of this committee, based on the statements I've heard, believe that the Boland Amendment applied to the President and that would place those restrictions on him and his personal staff which I don't think is appropriate, and I don't think did apply. And that is my point.

Mr. RUDMAN. Well, I understand your point. It surely isn't my point. I am not even sure it is your point. I am going to tell you why.

I am going to give you a hypothetical. It maybe isn't so hypothetical, I regret to say. In my view, it is conceivable, maybe even probable, certainly possible, that a President of the United States will be elected—out of the current field that is running—in 1988 that will take office on January 20, 1989. I would expect that that President could well—this is well within the realm of possibility, and I have a lot of documentation, but I am not going to take the time of the committee, as to the positions these people have taken—take the following positions: One, that the Contras were not a solution to the problem in Central America, and they should be cut off totally. Every dime. That is the stated position of a number of candidates running.

Number two, that in order to get rapprochement with the Soviets, particularly in strategic arms control, that there should be no linkage whatsoever, in fact that there might be a backing away from Afghanistan, that there is a global sphere of influence the Soviets have, a global sphere of influence we have, and that the United States would back away from its commitment in terms of an arms control agreement long range.

Third, that our interests in Angola and other places on the African Continent are not proper interests. In other words, Admiral Poindexter, in my view, an isolationist administration.

Now, reading your statement, you are saying, because you are not a Republican or Democrat, you are a member of the United States Navy, and most of the people I know in the service are pretty independent politically, you may support this President strongly, but I would say that independent is probably the best way to describe most members of the service; is that accurate?

Mr. POINDEXTER. I think that is accurate.

Mr. RUDMAN. Well, Admiral, what you are saying in this statement, "And the President ought to be given an opportunity to carry out that foreign policy," is people like this Senator and a number of others on this panel who would stridently disagree with that President on that policy ought to give him a "chance" to let it operate.

And my statement to you, Admiral, is I would do everything I could to frustrate that chance, and I think that is my constitutional responsibility, and I think that is what my constituents would expect me to do.

How do you possibly balance this statement against what this argument is all about? I want to hear your answer.

Mr. POINDEXTER. All right, Senator. I guess I have tried to refrain from answering hypothetical questions.

Mr. RUDMAN. That is maybe not hypothetical, Admiral.

Mr. POINDEXTER. It is getting so near the end of the hearings, and I may get a pinch from my attorney in a moment.

Mr. BECKLER. If it is not hypothetical, does that mean you are one of the candidates?

Mr. RUDMAN. I have been accused of a lot of things, Counsel, but never having lost my sense to run for the Presidency. The last word is yours. I want you to look at that statement in front of you and deal with that maybe-not-so-hypothetical. There are people running for office who have stated those positions who might get elected.

Mr. POINDEXTER. I think that I have great trust and faith and confidence in the American people to do the right thing. I don't believe, as I have said numerous times, they want to know all the details, but I just don't see the American people voting for a candidate that takes the kind of positions that you are describing. I just think the American people, and one of the good things, I guess, I will have to admit, that comes out of these hearings is an opportunity for the American people to hear about the problems that we face around the world, this dangerous world that we live in, and I think the message is getting through. They are beginning to understand the problem. I know the President has always felt, I always felt, that if we can ever get the true information to the American people about what was happening in Nicaragua, they would support the President's policy.

But it has been one heck of a time getting that information out. Maybe we should have worked harder. I know there are some members of this committee that think we should have taken a much tougher line from the beginning.

But I think that the American people, and certainly the sample that I have received, indicate they understand very clearly, they are getting the message, they don't want a Communist Government on the mainland in America.

Mr. RUDMAN. Well, Admiral, I am going to turn it back on again. That is not an answer. You are saying what all of us hope for. We all hope that the American people will always exercise judgment that coincides with our own, because we all think, of course, that our judgment is correct.

My question to you is if the American people, as they have in our history, elect a President with policies that might not have been clear to them at the time the President is elected, and I can quote it chapter and verse—I wonder how you square that with your statement on whether or not you don't agree with me that under those circumstances people have to use their judgment, their beliefs in country, their mandate from their electorate to oppose a President's policy?

We have agreed on the policy that is in contention here. We don't have a disagreement on that. But that isn't my question.

My question is what happens if the worm turns, a different age descends upon us in 1989—are we all supposed to sit back here and simply say, "Okay, Mr. President, Admiral Poindexter says we ought to give you a better chance to carry out that foreign policy that you campaigned on?"

I don't think you really believe that. I would like an answer to that question.

Mr. POINDEXTER. Well, I have to say, which is consistent with my testimony and it is what I truly believe, that under the conditions you describe, if the American people indeed vote for such a candidate, then I think we ought to let that candidate try out that policy. That doesn't abrogate or in any way change the responsibility you have over controlling appropriations, ratifying treaties and requesting consultations so that your views can be heard, but I don't think that what I consider to be underhanded tactics should be used to undermine that particular President if the people—that is what their choice was.

Mr. RUDMAN. That is one piece of your advice that I would guarantee you probably won't be heeded around here.

Under those circumstances, I dare say that people feel quite differently about the constitutional role here. And that to some extent is what a lot of this is all about.

I don't want to discuss the Boland Amendment and whether it applied or didn't apply, but it just seems to me that we have got to have more good faith dealing around this town or else a lot that ought to happen won't happen and I firmly believe that every Member of Congress has the right and the obligation, indeed the duty, to strongly oppose any Presidential initiative that he believes is not in the national security of this country.

We all take the same oath, Admiral, everybody. I thank you for your answer.

Chairman HAMILTON. Mr. Foley.

Mr. FOLEY. Good afternoon, Admiral.

I would like to refer to two or three items that I think would be helpful in clearing up perhaps inadequate specifics in the record and then go to a final subject.

With respect to the obtaining of TOWs and HAWK spare parts from the Department of Defense, I believe the record shows that several Pentagon officers and the Army's General Counsel have

testified that the order to transfer the weapons was given in such a way that it would bypass the normal Department of Defense usual procedures for monitoring of price and sales to the Central Intelligence Agency.

Are you able to shed any light on that?

Mr. POINDEXTER. You will have to ask Cap Weinberger on that. I don't know how he managed it in the Department.

Mr. FOLEY. Did you participate in directing any particular method of obtaining those weapons?

Mr. POINDEXTER. No.

Mr. FOLEY. When Lt. Gen. Brown of the Army staff apparently brought to your attention the fact that there might be a requirement to notify the Congress—do you recall that memorandum——

Mr. POINDEXTER. Right. I recall it, having seen it in preparation for the hearings.

Mr. FOLEY. Did you indicate that it should be put in the file with the Finding?

Mr. BECKLER. Let's just get exhibit 78.

Mr. FOLEY. All right.

Mr. POINDEXTER. Yes, I did, but to clear it up to make sure that we are entirely accurate here, General Brown sent a memo to General Colin Powell, the Military Assistant, and General Powell referred it to me. And I also believe we had a telephone conversation about it before he sent it over.

Mr. FOLEY. Did you make the judgment that there was no requirement to notify the Congress or that the Congress should not be notified?

Mr. POINDEXTER. I didn't actually make that judgment. That judgment was made in January of 1986 by Ed Meese, who determined that under the provisions of the National Security Act, which was the statutory authority for the President to carry out this action, there was no reporting requirement.

See, what the Army did not understand, and apparently this is as a result of the way that Secretary Weinberger was managing the issue with the Department, they didn't understand that these weapons were not being transferred under the Arms Export Control Act and I think this memorandum was simply prepared to keep the Army's experts clean, that if it was under the Arms Export Control Act, there would be a reporting requirement.

Mr. FOLEY. So you decided that in accordance with the Attorney General's opinion that this was not required?

Mr. POINDEXTER. That is correct.

Mr. FOLEY. Speaking of the Attorney General, you testified this morning, I believe, that you assumed he knew about the sales of arms to Iran in '85 by something like January, early January?

Mr. POINDEXTER. No, I didn't really say it quite that way. I said I had no specific knowledge that Ed Meese was aware of those shipments.

I also said, although I couldn't remember the conversation specifically, that in the 7 January meeting in the Oval Office, when we discussed this issue, my notes would indicate that I probably talked about the 500 TOWs, but I can't be certain of that.

Mr. FOLEY. Did you——

Mr. POINDEXTER. And in the 16 January meeting, I said I couldn't remember specifically addressing the '85 shipments, but I find it hard to believe that we didn't touch on those.

Mr. FOLEY. Of your own knowledge, you don't know if the Attorney General was ever briefed by anyone in the National Security Council or the staff?

Mr. POINDEXTER. On the '85 shipments?

Mr. FOLEY. On the '85 shipments.

Mr. POINDEXTER. No, to my knowledge, the only opportunity that Ed Meese would have had to know about those would be in the two meetings that I described. That is all I know about it.

Mr. FOLEY. Would it have been difficult for the Attorney General, in your view, to give an opinion as to the preferable means of sale without having some knowledge of the alternative that had been the practice in the earlier 1985 sale?

Mr. POINDEXTER. I don't really know, Mr. Foley. You're going to have to ask the Attorney General.

Mr. FOLEY. Going to the final meeting of Colonel North with the second channel of Iranians, that occurred in November of 1986, is that correct?

Mr. POINDEXTER. I frankly don't recall when the last meeting was. I would have said October. It may have been—there was contact in November by telephone. I frankly don't recall if there was an actual meeting.

Mr. FOLEY. Did you discuss with Colonel North the October meeting?

Mr. POINDEXTER. I did.

Mr. FOLEY. What was the purpose of that meeting, to continue the contact?

Mr. POINDEXTER. Yes. We—in August, as I recall, was when we first identified the second channel, and there was a lot of material to go over with the second channel and the second channel eventually came to the United States, and I've lost track of the exact sequence.

Mr. FOLEY. Did you remember authorizing a telephone contact by Colonel North in November?

Mr. POINDEXTER. Oh, absolutely. In fact, one of our concerns, both mine and the President's, in early November, was to preserve the possibility of getting out more hostages and to preserve the contact through the second channel, that there were telephone conversations with the second channel before and after the President's speech to the country, and before and after the press conference.

Mr. FOLEY. Was the Department of State aware of that, do you know?

Mr. POINDEXTER. At some point in early November, I think you have it as an exhibit, I sent a cable to Secretary Shultz that talked in general terms, and I told him that I was going to set up two compartments, one an operational compartment and one a strategic compartment, to discuss the issues, and asked him to identify people to participate in that.

Secretary Shultz was aware that we were trying to establish a second channel, and I can recall trying to get in touch with him several times during the month of October to discuss with him progress. Unfortunately, I was traveling with the President on the

campaign. Secretary Shultz was traveling and our schedules just didn't permit an adequate number of meetings.

Mr. FOLEY. Were the so-called Hakim accords, as we have come to know them, still operative at that point as a basis of reference for discussions?

Mr. POINDEXTER. I don't think that it is fair to describe those as Hakim accords.

Mr. FOLEY. It is a shorthand. Whatever term you would like to use, are those the nine points of discussion that were the subject of earlier ad referendum discussions that you mentioned——

Mr. POINDEXTER. Yes, that is correct. I believe that was in October, and my recollection was that that was probably the last meeting that Colonel North had with the second channel.

Mr. FOLEY. They were still matters of discussion at that point?

Mr. POINDEXTER. In his last meeting and when he came back and we got the nine points, I discussed those with the President, and he approved the ones that applied to the U.S. Government.

You know, I contended that one of the points about the Kuwaitis was a private arrangement in which General Secord and Mr. Hakim would give the Iranians a plan that they thought might be useful in talking—in the Iranians talking to the Kuwaitis.

Mr. FOLEY. Let me turn to another subject.

Mr. POINDEXTER. One other point on that. It has been reported that one of the nine points involved the president of Iraq. I did not remember that at the time, and looking over the nine points that are in the exhibit, I don't find that that is one of the nine points at all.

Mr. FOLEY. There was some indication that that was listed on a—Colonel North's copy. You are saying that it was not approved by the President or——

Mr. POINDEXTER. It was not one of the nine points as far as I was concerned, and in looking at the exhibits, I have not been able to find any reference to that.

Mr. FOLEY. There was no——

Mr. POINDEXTER. It is my understanding from the testimony of Mr. Hakim at least that this item was discussed with the Iranians, but I don't think it ever wound up——

Mr. FOLEY. Was there any point at which these nine points were withdrawn from consideration? Were they operative up until the last contacts?

Mr. POINDEXTER. As far as I was concerned, they were operative up until the time I left the White House.

Mr. BECKLER. Mr. Chairman, is there any end to the questioning in sight? Basic question.

Mr. FOLEY. I think it is five or ten minutes, Mr. Chairman.

Chairman HAMILTON. Mr. Foley originally had 60 minutes as one of the principal questioners. He used 45 and reserved 15 so he is proceeding on that basis, counsel.

Mr. BECKLER. I didn't realize there was a 15 minute reserve there. Sorry.

Mr. FOLEY. Were you told that Roy Furmark had visited Director Casey and mentioned to him that there had been a diversion of funds to the Contras?

Mr. POINDEXTER. Yes. In fact you have an exhibit, and we have talked about it in previous testimony, that maybe you missed, Mr. Foley, but a memo was prepared for Mr. Casey that addressed that and he showed that to me some time in October.

Mr. FOLEY. So he told you himself——

Mr. POINDEXTER. No, in fact in the meeting he showed me the memo, in the meeting that I had with him in his office I don't recall his saying about that paragraph. I read it, obviously realized that he had read it, but we really didn't discuss it.

Mr. FOLEY. On November 10, 1986, during and after the NSPG meeting, did you discuss the diversion issue with anyone?

Mr. POINDEXTER. Which meeting?

Mr. FOLEY. After the November 10th meeting of the NSPG, November 10, 1986.

Mr. POINDEXTER. Well, I don't remember the November 10th meeting, but I did not discuss the, what you call the diversion with Director Casey at any time.

Mr. FOLEY. On November 17th you received a message from Attorney General Meese marked "Urgent" at 9:43 in the morning. Do you recall that?

Mr. BECKLER. May we see a copy of that message, an exhibit number?

Mr. FOLEY. It is a telephone log.

Mr. BECKLER. May we see a copy of the telephone log? You are referring to the November 17th——

Mr. FOLEY. Yes.

Mr. BECKLER. This is an appointment schedule, Admiral Poindexter's phone calls.

Mr. POINDEXTER. All right, I have it.

Mr. FOLEY. Do you recall that telephone call?

Mr. POINDEXTER. I do not. I just simply don't recall it.

Mr. FOLEY. Admiral——

Mr. POINDEXTER. I recall talking to the Attorney General numerous times during the month of November, but what we discussed in that particular phone call I am sorry, I have no way of remembering that.

Mr. FOLEY. Just a few final questions.

I gather from your testimony and please correct me if I am making a misinterpretation of what you have said, that on many occasions in your term of service as the National Security Adviser you felt frustrated by the lack of enthusiasm, some of the intelligence agencies to develop sufficient programs for action, is that fair? You talked about bureaucratic tendencies to take no risks, for example.

Mr. POINDEXTER. That didn't apply just to intelligence communities.

Mr. FOLEY. Did it apply to the Department of State, for example, and the Department of Defense?

Mr. POINDEXTER. As well.

Mr. FOLEY. The entire bureaucracy would you feel was characterized from time to time with that sort of attitude?

Mr. POINDEXTER. I think it is characteristic of all bureaucracies that they aren't willing to take any risks. As these hearings demonstrate, the cost of failure is too high for them.

Mr. FOLEY. So to do what you felt was necessary, there was always a problem with dealing with those agencies?

Mr. POINDEXTER. Not on routine matters. I don't mean to imply and I don't think that you necessarily mean to imply that I had complete disregard for the Departments and agencies. There are a lot of very competent people out there and on routine matters they provide the President with very good advice and good options.

Mr. FOLEY. Taking initiatives, taking risks, developing innovative programs, to deal with the problems that were facing the President—there is a deficiency there?

Mr. POINDEXTER. That is correct.

Mr. FOLEY. And with respect to the Congress it was your feeling that there was a problem of resistance to the President's programs from time to time which you felt unwarranted?

Mr. POINDEXTER. That is correct.

Mr. FOLEY. And that Congress was encroaching too much on what you felt was a constitutional primacy, almost plenary responsibility of the President for foreign affairs, is that correct?

Mr. POINDEXTER. I thought that bad faith efforts were being made to undermine the President's foreign policy.

Mr. FOLEY. By bad faith, you mean not legitimate opposition, but carrying opposition to the point—would you expand on that? What do you mean by bad faith?

Mr. POINDEXTER. Well for example, and this doesn't apply just to the Congress, but I think that leaks took place within the Administration, and from the Congress, maybe the staffs, maybe the Members sometimes, in which options that the President might be considering would be foreclosed. I don't consider that a legitimate or fair way to run the government.

Mr. FOLEY. And as far as the press was concerned you felt that the press was often deliberately misquoting and misinterpreting events?

Mr. POINDEXTER. I often felt that the press did not present a clear and complete picture to the American public about many of the issues that we were faced with.

Mr. FOLEY. Would it be fair to say that the letter you read, which obviously provides from the correspondent very warm support for your situation, also was selected by you because you tend to agree with the characterizations that the correspondent had made about the President and Congress?

Mr. POINDEXTER. Mr. Foley, I have a stack of telegrams and letters, there are several thousand. I would be happy to let you look through them and I think that you would conclude that the letter I pulled out is completely representative of at least 90 percent——

Mr. FOLEY. That is really——

Mr. BECKLER. Let him finish the answer, please. That is an objection. Maybe I can get it sustained.

Chairman HAMILTON. The witness can complete his answer.

Mr. FOLEY. The counsel has had his objection sustained and I apologize for interrupting your answer.

Mr. POINDEXTER. I think that the letter I pulled out is representative of a majority of the people of the United States.

Mr. FOLEY. But do you agree with the correspondent's characterizations that she made in the letter as to the character of the press in the country, the media?

Mr. POINDEXTER. I think that there is deliberate distortion by the media of many of the issues of the day. I firmly believe that. I don't want to pass on the motives for that but I think that it happens.

Mr. FOLEY. Well, I am asking these questions because I think we have talked again and again about how to establish a basis of trust and a basis of better reaction, interaction between the Congress and the Executive Branch, and the only thing that I would observe, and I have tried not to make a lot of observations here, is that it is extremely difficult, it seems to me, if the view that you have, and I take it you sincerely express all your views here, is that the National Security Council is surrounded by a media that often deliberately distorts, deliberately misreports on the news and events, that the Congress is reflecting attitudes that are in bad faith in the attempt to confront the President's policies, that the normal agencies of government are lacking in enthusiasm and sort of affected by a cancer, a bureaucratic unwillingness to take risks—it leaves a very small group of people in the National Security Council to whom you would feel comfortable in sharing your plans and proposals for the Presidential action.

You didn't choose to share it with the Director of the Central Intelligence Agency, for whom you had high regard. You have given the impression, I think, that the less contact with the Congress, the better as an absolute rule, and I find it—that it would be a little distressing if I were in your position and felt that that was the case as to how in the future a democratic society can develop the kind of consensus and the President's program can be advanced with respect to the Congress and to the press, to the other agencies of the Executive Branch of government if that pessimistic judgment is made about their intentions and attitudes.

Mr. POINDEXTER. Mr. Foley, I don't think it is accurate, as you are implying, that the NSC staff had some secret foreign policy. As I have testified before, the President's foreign policy was very open and understood by the people of this country. He campaigned on the issues in the 1984 campaign, and the people fully understand that. So that was not being withheld, and he was elected holding these positions.

What we have been talking about primarily in these hearings is how the NSC staff went about implementing these policies that were very public positions that the President took, and I think, under the conditions that have existed over the past few years that we were completely justified, and it was entirely proper that we keep the details of these implementations secret and highly compartmented, and I still contend that the majority of the people understand that and accept that and feel that that is a necessary way of doing business.

Mr. FOLEY. I take it very seriously that you felt that that was true and that you believed that great secrecy and compartmentalization had to occur. I am not going to debate that with you. I think, as I have said publicly many times, that you are an honorable man who has given much service to the country, but you seem to suggest in your answers that you are enormously dissatisfied

and uncomfortable with the performance of the free press in this country, with the performance of the Congress, with the performance of the other elements of the Executive Branch from the intelligence agency to the Departments of Defense and State, and I share a concern with you that we have to find a way to work together to make it possible to carry on certain parts of the national security process, including the carrying on of what are called special activities.

But it seems to me that if you bring to this problem, a person of the service that you have given and the background that you have given, a sense of distrust and a view of bad faith of all the other elements of the American Government in society which has to work out this problem, that it is a more formidable task than even we might have thought as a result of these hearings, and that is my only comment.

I thank you for your testimony. I have, in the time that I have had an opportunity to be associated with you, always had a high opinion of your character and service, and I wish you well.

Chairman HAMILTON. Mr. Hyde is recognized for seven minutes, having reserved that amount from his 60 minutes earlier. Mr. Hyde.

Mr. HYDE. Thank you, Mr. Chairman, and I will try not to trespass too much on what has already been a tremendous burden on the witness.

Let me just discuss briefly. My friend from Georgia asked who was the detail man on Oliver North. I don't think it has been sufficiently discussed here, but you had a deputy, an excellent man named Don Fortier, and isn't it a fact, Admiral, that Don Fortier became very ill, and while he was fighting for his life, you didn't replace him because it would certainly not have helped his morale while he was making that life-and-death struggle. And so you were handicapped in the sense that your deputy, a very able man, was not around perhaps when you most needed him?

Mr. POINDEXTER. That is correct, Mr. Hyde. Unfortunately, Don came down—he was diagnosed as having cancer in May of '86.

Mr. HYDE. But you weren't going to replace him as he still had hope, and it was the appropriate thing to do?

Mr. POINDEXTER. I didn't want to take any action that would lead him to believe that I didn't think that he was never coming back.

Mr. HYDE. Now, in response to my dear friend, the Majority Leader, I just want to say that I would stipulate, as I think perhaps the Admiral would stipulate, that most everybody in the media and the Government and the bureaucracy are honest and patriotic, but I think the Majority Leader insufficiently recognizes the force of ideology is not confined just to the flat earth right. Let's talk about something that the Majority Leader mentioned earlier, namely that we by helping acts of violence occur inside Nicaragua were perhaps committing acts of war.

First of all, Admiral, is it a fact that we still have formal recognition of the Government of Afghanistan, is that not true? I think the answer is yes, but——

Mr. POINDEXTER. Yes, of course we do.

Mr. HYDE. We have an embassy, I don't think we have an ambassador in place.

Mr. POINDEXTER. I think that is right. It has been a few months since I focused on Afghanistan.

Mr. HYDE. Since I only have seven minutes, I may have to give you the answers.

Mr. POINDEXTER. At the end of the ninth day, Mr. Hyde, I appreciate that.

Mr. HYDE. I understand that. We are both fighting the clock. But I think it is important that there are those of us who hope but will not confirm that somebody is helping the Mujahedin fight for freedom inside this country, that we don't look upon those as acts of violence and committing war on Nicaragua, it is just helping freedom fighters.

Mr. POINDEXTER. That is exactly right.

Mr. HYDE. And some of us feel Nicaragua is an occupied country, don't we? We feel that thousands of Cubans, Soviets, Libyans, East Germans, North Koreans, Bulgarians, they are not there just to enjoy the beaches, but they are there for a strategic purpose; correct?

Mr. POINDEXTER. We clearly think that Nicaragua is a Soviet proxy controlled and influenced by the people you are describing.

Mr. HYDE. Now about the legal status of Nicaragua. You perhaps recall that in the Intelligence Authorization Act for 1984, Congress had some findings in that Act and Congress found, one, the Government of National Reconstruction of Nicaragua has failed to keep solemn promises made to the OAS in July 1979—the Organization of American States—to establish full respect for human rights and political liberties, hold early elections, preserve a private sector, permit political pluralism and pursue a foreign policy of nonaggression and nonintervention and—now this is Congress speaking—two, by providing military support, including arms, training and logistical command and communications facilities to groups seeking to overthrow the Government of El Salvador and other Central American Government, the Government of Nicaragua has violated Article XVIII of the charter of the Organization of American States, which declares that no state has the right to intervene directly or indirectly in the internal or external affairs of any other state.

And then we had the Foreign Aid Act of 1985, it has a more formal title, but that is what it is.

Section 722(c) finds that it condemns—that is this Congress—condemns the Government of Nicaragua for violating its solemn commitments to the Nicaraguan people, the United States, and the Organization of American States and affirms that the Government of Nicaragua will be regarded as having achieved political legitimacy when it fulfills its 1979 commitment to the Organization of American States to implement genuinely democratic elections in which all elements of the Nicaragua Resistance can peacefully participate under conditions recognized as necessary for elections.

So it would seem to me that we don't hold the Government legitimate yet in Nicaragua, at least that is what Congress thought in 1985 when we passed the Foreign Aid Act.

Now, there are certain legal consequences, I am sure you are aware of, that flow from Finding them in violation of the United Nations charter, the Organization of American States charter, Article XVIII, and the U.N. has found that aggression doesn't mean

marching soldiers across the border necessarily supporting subversive activities within a country can be defined and is defined as aggression, to which states may respond pursuant to their rights under international law.

So aggression isn't marching across borders. It includes subversion. Nicaragua has been and is subverting El Salvador and other countries. They have a right to self-defense. It is as old as mankind and we have a right and a duty as signatories to those treaties to assist them.

Now, Admiral, out in the provinces, we have a saying that is when all else fails, one can achieve immortality through spectacular error, and I think about that often as I look at the five versions of the Boland Amendment, and I predict immortality for my friend from Massachusetts.

But there is another saying and that is all lies are reprehensible, some are just more reprehensible than others.

For instance, we politicians, we practice what is called political hyperbole. We don't lie. We practice political hyperbole.

George Will has a great phrase: "He has an emancipated view of the facts."

There is a governor of a major state that said it best of all. He said, "We campaign with poetry, but we govern with prose."

Now, an example, we have daily speeches on the floor of the House excoriating the Reagan deficit. As soon as that period is over, we immediately vote to waive the Budget Act and spend and spend in the name of compassion. We don't call that intellectual dishonesty. It is political hyperbole.

As secrecy has its uses, so does deception.

I hate to always resort to a book, but I think this will be helpful in our discussion; and let me just read briefly from page 71 of a book about the CIA, about Wild Bill Donovan, "From Wild Bill Donovan to William Casey: The Rise and Decline of the CIA" by John Ranelagh, page 71.

"The clearest demonstration of Donovan's awareness of the Soviet threat came through an extraordinary intelligence coup. In November 1944, the OSS mission in Sweden obtain 1500 pages of Soviet codes, including their intelligence codes from Finnish intelligence services. The Russians did not know the codes had been compromised and were still using them. Nevertheless, after informing Roosevelt of this coup and of the potential value of the codes, Donovan was ordered by the President to hand back the material uncopied to the Russians. Instead, Donovan secretly photographed the codes. These copies were later used by the FBI to decode postwar Russian communications. The intelligence gathered provided evidence against the British traitor, Donald McLean and the Rosenberg spy ring. This affair as well as the growing volume of reports from OSS agents in Europe warning of Soviet-backed communist attempts to dominate resistance movements with an eye to political control of the postwar world convinced Donovan that the Soviet threat was real."

There is an example of deception, of deceit. I am sure if you lie to Congress, it's bad; it must be bad when you lie to the President, too. But personally, I'm glad Donovan was guilty of that deceit.

Now, Admiral, my time is up and I'm—so much I would like to talk to you, but I shan't. I just want to say in closing one thing, one idea.

You have been accused again and again, relentlessly of assaulting democracy by deceiving Congress, by covering up, withholding important information. Some of us believe democracy is sort of a seamless garment—a phrase I'm not all that fond of—but when you talk about democracy in this hemisphere, it's hard to dissociate our own democracy and compartment it from democracy on the land bridge between the United States and South America.

So it seems to me some of us who believe in the unitary nature of this fragile diaphanous thing called democracy understand that it is in desperate straits in Nicaragua, and many of those people who helped overthrow the Somoza dictatorship didn't intend to substitute a communist state in Somoza's place. These people view their revolution against tyranny as unfinished and incomplete. And for the United States to train, encourage, supply, and arm the Contras and get them inside their own country fighting to continue their struggle for democracy and then to cut and run through the device of the Boland Amendment—all five versions of it—is itself an assault on democracy, assault by betrayal.

And by disclosing what you were doing to keep faith with the Contras, you felt you might be forced to halt that support; and so you would be playing with lives, to use the phrase of a democratic ex-governor of Virginia, thousands of Freedom Fighters in Nicaragua. Those were your choices. Thank God I didn't have those choices. But there's always a gap—not always, but many times—between positive law and moral choice. I lack the wisdom and I lack the arrogance to adjudge that in trying to protect the Contras, you made the wrong moral choice. I'll leave that to others. But if Wild Bill Donovan were around, I think he'd vote with you.

Thank you, Admiral.

Mr. POINDEXTER. Thank you, sir.

There is an interesting book on this subject by Jean Francois Revel on how democracies perish, a very enlightening book.

Mr. HYDE. Yes. I have two copies.

Chairman HAMILTON. The Chair has five members who have asked for the opportunity to question briefly and then there will be a closing statement by the chair. So I think it's appropriate that we take a 10-minute recess and then we will return and conclude.

Mr. BECKLER. Mr. Chairman, I would like to say before we take this recess that I strenuously object to further questioning outside of the chair. I think that this is what I said in the beginning—this dissection over and over and over. Now I think we are at the point where looking at past testimony from earlier in this session, rereading it, whatever is going to go on, I must ask that the chair reconsider that and close this proceeding.

We were told it was going to end at 4:00 today. Everybody has been heard from, except the chair, and I would like to hear from the chair. I know that that's your decision. I think the endless questioning ought to end, please.

Chairman HAMILTON. Counsel, I appreciate you and Admiral Poindexter have been very, very patient indeed, and I know that your client has been on the dock here for a very extended time. It

is difficult, I think you can appreciate, to refuse members who have just a couple of additional questions. It will be my intent to recognize those members and then we will proceed to conclude it as quickly as possible.

We stand in recess.

[Recess.]

Mr. BECKLER. Mr. Chairman, may I have some guidance as to how much time is going to be allowed each of these questioners and whether or not that limit is going to be adhered to?

Chairman HAMILTON. Counsel, it is my intention to give each of the members approximately five minutes.

The Chair recognizes, as the joint hearings resume, the gentleman from New Jersey, Mr. Courter.

Mr. COURTER. Thank you very much, Mr. Chairman.

Admiral Poindexter, I understand I have a very short period of time, so I will attempt to be very brief. I hope in response to a couple of questions you will be brief as well.

First, just let me say that everybody, I think, has received a lot of mail; and ironically, the mail that I have received—not ironically—the mail that I have received has indicated that my constituents feel that I'm correct, but on the other hand, I was speaking to my good friend, Jack Brooks over here, and he's received as many pieces of mail as I have and they think he's right, too.

Now, I'm not sure what that is. That's not a request for greater balance in my mail. It's just an observed fact.

I'd like to point out something that I think is very important. The United States obviously has interests in the Middle East and interests in the Persian Gulf. Based on those interests, two or three of which would be greater security of the countries in the Middle East, free passage of shipping in the Persian Gulf, less of an influence of the Soviet Union, those are all our interests. Based on those interests, the United States formulates policies. One of our policies is trying to seek an end to a very dangerous war there; and based on those policies, we adopt strategies as well as tactics.

It seems to me that part of the problem here, in these hearings, is that—and I'm not less guilty than everybody else, but what is a tactic, we call a policy; what is a policy, we confuse for a strategy or an interest.

It seems to me that one of our policies is to end the war and one of our policies obviously is to continue with the rapproachment toward Iran. And one of the strategies or tactics in order to carry out that policy was the effort to gain the release of the hostages; and one of the tactics used for that purpose was the sale of weapons to Iran.

Do you agree with that and do you agree with the fact that sometimes we confuse one with the other?

Mr. POINDEXTER. I think the way you have described it, Mr. Courter, is consistent with what I have said. I have made the point that the criticism that has been levied against the Administration that the arms sales to Iran violated our stated policy, and I don't believe that's true. I think that it is inaccurate because of the items that you talked about. The policy is to end the war. The embargo is only one of the tools or tactics that we have used to do that.

Trying to gain a channel into the Iranian government was another tactic that we were doing to achieve that objective. They are completely consistent in achieving that objective, ending the war.

Mr. COURTER. I thank you for your answer.

In another area—as I say I have just 5 minutes—there was an individual that is not an arms merchant, not a retired general, not an official of the U.S. Government, but nevertheless, because of his great expertise in that part of the world, and because of the fact that he was very familiar with Iran—as a matter of fact wrote one of his fine books on the fall of the Shah—a person who is an acknowledged expert in counterterrorism, he was contracted for advice with regard to the rapproachment initiative with Iran. I think that gentleman is Michael Ledeen. Are you familiar with Mr. Ledeen?

Mr. POINDEXTER. Yes. I know Mike.

Mr. COURTER. Was he contracted by the Government for his knowledge and expertise in Iran and in the Persian Gulf?

Mr. POINDEXTER. Yes; Mr. McFarlane approved him as a consultant to the NSC and there was a consultancy arrangement.

Mr. COURTER. He also, it's my understanding, earlier in these hearings—you may not recall the testimony—was charged or criticized for being a profiteer. Do you know from your own personal knowledge whether he received any profits from weapons sales or not?

Mr. POINDEXTER. I don't have any information that would allow me to come to that positive conclusion.

Mr. COURTER. Do you think that Michael Ledeen, with respect to the very important issue which is one of the fundamental reasons why we sit as a joint panel, to learn about Iran or learn about the strategic initiative in Iran, do you think that Michael Ledeen would be able to give us valuable information and insight with regard to the strategic importance of that part of the world and also with regard to the rapproachment and the type of tactics that are necessary in order to accomplish same?

Mr. POINDEXTER. I think Mike is a very knowledgeable source for that kind of information. He's very articulate. I think if you want that kind of information, he'd be a good witness.

The reason I didn't want him to speak out earlier, and people may contrast that with what I just said, was that I simply didn't have time to sit down with Mike to go over with—exactly what he was going to say. He hadn't been with the project for some months, and I didn't want him going off on his own.

Mr. COURTER. Thank you, Admiral.

Thank you, Mr. Chairman, for the additional time. I appreciate that very much.

Chairman INOUYE. Senator McClure.

Mr. MCCLURE. Thank you very much, Mr. Chairman.

Again time being brief, I am going to try to move through three or four things very rapidly. Earlier in my questions, I asked questions up to and including the meetings on December 7th and the trip to London on December 8th and the return by Mr. McFarlane and Colonel North after that meeting and their reports.

Lt. Colonel North testified repeatedly that it was well known that Mr. Ghorbanifar was an Israeli agent. Was that your understanding?

Mr. POINDEXTER. I think we touched on that earlier today. I can't recall precisely when we came to the possibility that Mr. Ghorbanifar was an Israeli agent. I don't believe we ever had any absolutely hard intelligence to that fact, but that was a suspicion.

Mr. MCCLURE. Would there be any difference in your answer if we used the term "Israeli asset" rather than "Israeli agent"?

Mr. POINDEXTER. Oh, I think yes, we knew very early that Mr. Ghorbanifar was the contact the Israelis had.

Mr. MCCLURE. So there would be some difference in the difference in that terminology?

Mr. POINDEXTER. Yes. In my mind. An agent would mean he was being paid.

Mr. MCCLURE. Did Colonel North, Mr. McFarlane, or yourself, or anyone else, suggest to the President in the debriefing that you were concerned or that they were concerned because Mr. Ghorbanifar was considered an asset of the Israeli Government?

Mr. POINDEXTER. That was not our concern at the time, Senator. Our concern——

Mr. MCCLURE. It wasn't expressed at that time?

Mr. POINDEXTER. No. It wasn't expressed at that time.

Mr. MCCLURE. To your knowledge was anyone skeptical about proceeding further because of that allegation?

Mr. POINDEXTER. Well, that allegation I don't recall being made. I am getting a little confused, I guess. Your question is whether we knew he was an asset?

Mr. MCCLURE. And whether or not people expressed concern about going forward because he was an asset?

Mr. POINDEXTER. People expressed concern about going forward not because he was an asset but because the U.S. intelligence community had not had a good experience with the man prior to that time and also based on Mr. McFarlane's face-to-face meeting with him.

Mr. MCCLURE. On January 2d, 1986, you had a meeting with Mr. Nir, who was a Special Assistant to Prime Minister Peres; is that correct?

Mr. POINDEXTER. That is correct.

Mr. MCCLURE. Who requested that meeting?

Mr. POINDEXTER. Mr. Nir, I believe. Colonel North, of course—he did not request it directly of me, but Colonel North passed to me that Mr. Nir was in town and would like very much to meet with him.

Mr. MCCLURE. Had any U.S. official to your knowledge met with Mr. Nir or others prior to this time to help prepare the proposal?

Mr. POINDEXTER. Colonel North had met with him. There may have been others, but I don't believe I am aware of that. Mr. Nir was not an unknown quantity to many officials in the U.S. Government. I had met with him many months or even years earlier on the subject of combatting terrorism.

Mr. MCCLURE. I believe you testified earlier that it was an Israeli initiative, something that they wanted to do. In fact, from your notes of the meeting, the Israelis offered to take the risk of losing

500 TOWs if the hostages weren't released after the shipment; is that correct?

Mr. POINDEXTER. That was part of their proposal.

Mr. MCCLURE. Did you see anything inconsistent about the fact that they were now offering to take the risk of losing their weapons when they were insistent earlier that the TOWs be replaced?

Mr. POINDEXTER. I took that to mean that they were very anxious for us to proceed ahead with the initiative. The initiative was important to them, and I think that they recognized that if we didn't agree and go along with them that we could cause some problems for them in the future, and so from that standpoint, a selfish standpoint on the part of Israel, but understandable that unless we proceeded ahead, they were going to have a more difficult time.

So it is not that we ignored that, we accepted that that was probably one of their reasons. But it turned out we thought it was also in our interests as well.

Mr. MCCLURE. Mr. Chairman, might I ask if I might have a couple of extra minutes, I would like to ask one more question on this and switch to another subject.

Mr. BECKLER. I object to any extension of the five minutes.

Chairman HAMILTON. The objection is overruled.

You may proceed, Senator.

Mr. MCCLURE. Thank you very much.

Sorry, Mr. Beckler, that's the way it sometimes goes up here.

What made you believe the Israelis wanted to go forward on their own if we didn't want to cooperate? I think you indicated both last week and again now that they appeared so anxious to go forward they would go it on their own even if we didn't cooperate.

Mr. POINDEXTER. I believe—it has been a long time since that conversation, but I believe that Mr. Nir in the conversation indicated that whether we were going to go forward with the initiative, that they had planned to go ahead on their own.

Mr. MCCLURE. Admiral Poindexter, are you aware of prior arms and war materiels shipments by Israel to Iran that were not a part of this initiative?

Mr. POINDEXTER. We had intelligence reports over the years that I was in the White House that there were such arms transfers. Various U.S. officials had talked to the Israeli Government about this, and the Israeli Government always denied it. I don't recall that we had absolutely hard evidence that indeed they were, but it was certainly a suspicion on our part.

Mr. MCCLURE. I have read reports that they had a very large arms industry and a very large arms trade with Iran at the time the Shah was in power and that they continued to protect that trade and that economic base in their country after the Shah fell from power.

Mr. POINDEXTER. I don't doubt that.

Mr. MCCLURE. You testified yesterday in response to Mr. Sarbanes that you had some personal views on the prior arms shipment. I really am interested to know just what those views are and how extensive that trade may have been.

[Counsel conferring with witness.]

Mr. POINDEXTER. Senator, can you put that in context a little more? I don't recall what you are talking about.

Mr. MCCLURE. I am talking about prior arms and war materiel shipments by Israel to Iran.

Mr. BECKLER. I think the reference to personal views is what is confusing here.

Mr. MCCLURE. Look at yesterday's transcript, page 37, lines 857, 858.

Mr. BECKLER. Yesterday afternoon?

Mr. MCCLURE. Yes. Yesterday morning—the morning session.

Mr. BECKLER. Page 37, yesterday morning.

Mr. MCCLURE. Yes.

If you will start at line 853, and you are saying, "I think now the point here is that there were all sorts of rumors floating around out there"——

Mr. BECKLER. I would like to refresh our recollection by looking at the entire answer.

Mr. MCCLURE. If you can take the time.

Mr. BECKLER. The time—we have run out of time.

Mr. MCCLURE. Well, you asked to take the time to read it.

Mr. BECKLER. We ran out of time at 4:00 o'clock.

Chairman HAMILTON. Admiral, you may look over the transcript.

Mr. POINDEXTER. Okay, I see the context now. I think that is the answer I have already given you, Senator. My personal views are that the Israelis were probably shipping larger quantities of arms to Iran earlier, which were not authorized by the United States.

Mr. MCCLURE. You heard General Secord's testimony, I take it?

Mr. POINDEXTER. Yes. It has been some weeks ago.

Mr. MCCLURE. Do you have the hearing record in front of you?

Mr. POINDEXTER. I doubt it.

Mr. BECKLER. No, we don't.

Mr. MCCLURE. Let me send mine down to you. I don't need to read it. The response is on page 273 and 274 on this subject.

On my question to General Secord and his response, it starts on the bottom of page 273.

If you go down the first two or three inches on the page, "Mr. McClure: So there was a pattern of resupply to Iran of spare parts for equipment that had at an earlier time been supplied from the United States sources to Iran."

Mr. Secord's answer, "Yes, sir."

Do you have any personal knowledge concerning that?

Mr. POINDEXTER. I don't recall right now the exact content of the various intelligence reports that we had, but General Secord's statements there are consistent, I believe, with my suspicions at the time. The thing that I am a little uneasy about and want to be careful as to whether we really had hard intelligence on this or whether it was just our analysis as to what was happening.

Mr. MCCLURE. Thank you very much, Admiral, and Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. Thank you very much, Mr. Chairman.

Admiral Poindexter, there was some testimony relating to meetings that you held at which were present Attorney General Meese,

among others, to consider the question of structuring the transaction and discussing the Finding of January. Do you recall that?

Mr. POINDEXTER. Yes. There was one meeting that I held on January, the 16th.

Mr. RODINO. There was another—wasn't there another also on January 7?

Mr. POINDEXTER. Yes, but that was a more general meeting with the President at which we discussed the strategic objectives, what the pros and cons were, and the fact that it could be done legally with a Finding, but at that meeting of the 7th we did not get into the details of how a Finding would be constructed.

Mr. RODINO. I take it from your testimony that you said that your understanding of the Attorney General's position was that although we could continue to do it that way, that it had been done earlier, that it was easier to support and clearer if we did it direct. Is it fair to say that from that testimony that the Attorney General knew how it was done earlier?

Mr. POINDEXTER. That I think would be an inaccurate interpretation of what I said. Up until the 16th of January, I thought that the Attorney General was agreeing that we could transfer the arms under the Arms Export Control Act, which was the way that the earlier shipments had been done. But I don't think it is fair to conclude that I can specifically say that Ed Meese knew about the earlier shipments. I have testified on that just earlier today. I think those shipments may very likely have been discussed, but I can't absolutely confirm that. Certainly the method, the use of the Arms Export Control Act, was clearly discussed.

Mr. RODINO. Well, I am trying to focus in my mind just how Ed Meese might have been able to then give you a legal position or to tell you if he had no knowledge.

Mr. POINDEXTER. The bulk of the discussions on the 7th and the detailed discussions on the Finding on the 16th were all oriented toward the future as to what we were going to do in the future. Now, I said earlier in testimony that my assumption was that we probably did discuss those earlier shipments, but I can't remember for sure that we did. We certainly talked about the method that was used.

Mr. RODINO. Yes, I know you did state this morning, I think in answer to a question from Congressman McCollum, that you found it difficult to believe that we didn't get off on the 1985 shipments, although you did say that you couldn't recall it specifically. Neither could you rule it out?

Mr. POINDEXTER. That is right. I have tried to be very factual here.

Mr. RODINO. On March 24, 1986, you were briefed by Deputy Attorney General Lowell Jensen on a criminal investigation conducted by the Miami Office of the U.S. Attorney regarding alleged gunrunning to the Contras.

Mr. POINDEXTER. What was the date on that?

Mr. RODINO. March 24, 1986. You got some information during that briefing, and I am wondering just what action you took regarding that information and whether or not you received a memo from Mr. Jensen during this briefing.

Mr. POINDEXTER. I don't remember the meeting, Mr. Rodino, and I don't remember the subject. If you have got an exhibit, maybe I can remember it, but at this point I have no idea what the meeting was about.

Mr. RODINO. The memo is classified, and I could send it down to you. Anyhow, I wasn't going to discuss it. I merely wanted to ascertain whether or not you had received that memo. I will be glad to send it down.

Mr. POINDEXTER. I at this point have no idea.

Mr. RODINO. Let me go on while you are considering that.

Mr. BECKLER. We are going to have to consider it. Can we look at the memo? We just got a copy of it, Mr. Rodino. Not of the memo, of the schedule. Are you referring to this March 20, 1986——

Mr. RODINO. March 24, 1986.

Mr. BECKLER. That is the date of the memo?

Mr. RODINO. No. That is the date of the briefing. And that is from Admiral Poindexter's appointment schedule, again.

Mr. POINDEXTER. I don't recall, Mr. Rodino, having seen this memorandum. I don't know whether I have seen it or not.

Mr. RODINO. Well, let me ask you whether or not you recall asking Attorney General Meese or Lowell Jensen to slow down or in any way curtail the investigation that was going on.

Mr. POINDEXTER. I don't recall ever doing that. The only thing that I asked to be either slowed down or proceed ahead with great caution was the Southern Air Transport issue, and the fact that they were connected with the Iranian project.

Mr. RODINO. Mr. Chairman, I know this is already in the files. It is classified information, but I would like to make reference to that fact, that the indication is on the Deputy Attorney General's memo that the memo was sent, supposed to have been carried to Admiral Poindexter.

It states on that memo, "first floor, West Wing, carry and wait."

Mr. BECKLER. First of all, I would like to object. This is the 11th hour. We are being shown a memo that we have never seen before. We have made ourselves available since approximately February.

Now, this routing and transmittal slip goes to one Mark Richard, who is an Associate Deputy Attorney General. I know him because I used to work at the Justice Department. It says "Please get on top of this. DLJ is giving a heads-up to the NSC. He would like us to watch over it. Call Kellner. Know what is up." I can't even—I can't read the whole thing, but I am looking for Admiral Poindexter's name on here.

What is being left is an impression that this memo under it went to Admiral Poindexter and I don't see that on this cover sheet. Furthermore, I would have liked to get some of these exhibits earlier—it is 4:15 in the afternoon—and not at this 11th hour.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. Mr. Chairman, let me say that I have been advised that Admiral Poindexter was during his deposition questioned concerning this investigation, and the reference that I make is to the memo to try to establish whether or not the Admiral did receive such a memo which relates the basis of the investigation.

Mr. POINDEXTER. I would like to set the record straight. I don't remember that, Mr. Rodino, Mr. Liman ever showed me that exhibit.

Mr. BECKLER. Mr. Liman is here. Perhaps he can answer whether he ever showed us this exhibit, because I don't think it was shown to us. There is no indication on this that Admiral Poindexter received this memo.

Mr. Rodino, I have a great deal of respect for you, but to leave the impression after all these many hours that Admiral Poindexter is suggesting that he stopped some investigation or asked to have some—he has answered it several times.

He never requested this investigation to end, this narcotics investigation.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. I asked the Admiral to answer whether or not he received the memo——

Mr. BECKLER. Don't you understand?

There is an inference that somehow——

Mr. SARBANES. Mr. Chairman, we have gone from the point of counsel repeatedly, in effect, coaching the admiral——

Mr. BECKLER. I have not coached my witness and I am not going to tolerate that kind of accusation.

Mr. SARBANES. Counsel is down there answering questions directly.

Mr. BECKLER. My witness has answered the questions——

Mr. SARBANES. He is not answering questions directly.

Mr. BECKLER. I have prepared my witness for testimony. He has testified for nine days. I have not coached him, I repeat.

Mr. SARBANES. Mr. Chairman.

Chairman HAMILTON. Senator Sarbanes.

Mr. SARBANES. I want the record to show, since it was visible and the record is written, that repeatedly when questions have been put to Admiral Poindexter he has refrained from responding and engaged in extended consultation with his counsel. That has been plain for everyone to see.

It will not appear on the written record unless it is stated for the written record, which is exactly what I am doing now.

I think counsel is abusing the process when he now moves to the position of actually responding himself from the witness table. He has had repeated opportunities which have not been circumscribed by the committee to again and again and again draw the admiral aside, detain the response to the question while they have had extended discussions, and that has happened throughout this testimony.

I want the written record to show that.

Mr. BECKLER. I have not pulled the admiral aside. This admiral can answer all of his questions and he has. I was not answering a question directed by Mr. Rodino. I was pointing out the inference that can be drawn by suggesting that a memo was directed to Admiral Poindexter when there is no suggestion on the face of this memo that it was directed to Admiral Poindexter.

That is what I said.

Chairman HAMILTON. The Chair recognizes Mr. Cheney.

Mr. CHENEY. Mr. Chairman, I think it is clear that tempers on the part of the counsel and on the part of the committee are get-

ting frayed. I must object to Senator Sarbanes' comments. It seems to me that Admiral Poindexter has been extremely cooperative with the committee.

Anybody who would submit to nine days of questioning by counsel and 26 members of Congress has to be a man of iron. I appreciate his testimony and don't think he has done anything inappropriate.

I am certain that the Senator would not want to leave the impression that somehow having a witness consult with counsel is inappropriate. There are members of this committee who have their questions written for them by staff.

I think it is important that we try to wrap this up as quickly as possible. I can't conceive of any questions yet that haven't already been asked in at least one form and I would hope we could quickly move to a quick conclusion.

Mr. SARBANES. I want to respond to Congressman Cheney. I am not faulting Admiral Poindexter, but I want to make it very clear that Mr. Beckler has repeatedly assailed the fairness of this committee, repeatedly, and I want the printed record to show that he has been extended by the committee a fairness in terms of being able to repeatedly consult with Admiral Poindexter before he responded to questions.

Now, that would not show on the printed record unless stated. It is something we have seen visually again and again and again. And I make this point because of the assertions by Mr. Beckler about fairness from this committee and I think this committee has bent over backwards to be fair to Admiral Poindexter and to give him an opportunity here. And this opportunity for extended and constant consultation is one very clear example of that fairness on the part of the committee.

Chairman HAMILTON. A question is pending. Mr. Rodino.

Mr. RODINO. Mr. Chairman, let me finish my questioning by saying that if counsel thinks that I was trying to draw an inference, he is sadly mistaken. All that I sought to find out was whether or not the admiral had in effect received such a memo. And then I asked him the other question as to whether or not there had been any attempted interference with that investigation.

I am satisfied that the admiral could give me an answer to that question. I wouldn't want to suggest that I was drawing an inference. If the counsel wants to draw an inference, then so be it. Thank you very much.

Mr. COURTER. Mr. Chairman.

Chairman HAMILTON. Mr. Courter.

Mr. COURTER. I thank the chair.

Mr. Chairman, since last week and I am not sure whether everybody will remember this, one of the chairs indicated that silence connotes acquiescence. I wanted to make sure that the witness, Admiral Poindexter, recognizes the fact that I don't believe you were coached. That may be someone else's interpretation. They can have theirs. I believe that you have answered the questions honestly, to the best of your ability and according to your recollection and I would never use the word "coached" in this type of a forum. Thank you.

Mr. BECKLER. Thank you. I appreciate that.

Chairman HAMILTON. Senator Nunn is recognized.

Mr. NUNN. Admiral now that everyone is in a good mood, just two or three and it won't take but a moment here. We talked before lunch about the January 17th Finding on the sale of arms to Iran and all the ramifications of that and your memo which recited the Israeli position that they are very concerned at that time about Iran's deteriorating position in the war with Iraq, do you recall that?

Mr. POINDEXTER. Yes.

Mr. NUNN. I believe you said that you agreed with that Israeli position?

Mr. POINDEXTER. Yes, I do.

Mr. NUNN. I am informed that there was an interagency study in '85 and there was an update of that study in February '86, one month after that that concluded that the major U.S. concern was collapse of Iraq on the Southern Front.

Mr. POINDEXTER. The intelligence community from the very beginning was concerned about the Iraqi's ability. Not everybody shared that view.

Mr. NUNN. So there was a split in the Administration on that?

Mr. POINDEXTER. That is correct.

Mr. NUNN. All right. Another question, Admiral, another line. We talked before lunch again about this transcript of the telephone conversation between you and Director Casey and we had that—I would like, Mr. Chairman, for it to be made an exhibit. I think it has been declassified.

Chairman HAMILTON. Without objection, so ordered.

Mr. NUNN. You read this morning a part of that, the third page, I refer you and counsel to the third page, you state here: "This is John, we could do it—uh—however you like—uh—want to, I would like to spend some time just the two of us but if Ed Meese indicated—uh—he should want to be helpful, and so he would like to be in at least one of these meetings."

Do you recall that?

Mr. POINDEXTER. Yes, I do.

Mr. NUNN. A question I have is what did Ed Meese mean, this is on November 18th before there was a fact-finding mission by him, what did Ed Meese mean by wanting to be helpful?

Mr. POINDEXTER. As I testified many days ago Ed called me very early in the month of November after we came back from the West Coast and the story began to break and he offered his assistance in helping prepare to discuss the issue with the Congress. He recognized very early on that at some point in the not too distant future we would have to brief Congress on the Finding. He of course was well aware that the President decided to postpone notification under the Finding but it was pretty clear to all of us that at some point as I say in the not too distant future from the first of November, we were going to have to brief the Congress and Ed was clearly the expert on addressing the question about the President's statutory and constitutional authority to postpone notification.

Mr. NUNN. So he wasn't getting into the HAWK missiles and that kind of thing?

Mr. POINDEXTER. No, not at all.

Mr. NUNN. And——

Mr. POINDEXTER. By the way, one other point I would like to make, and that is that Ed Meese during the time that I was National Security Adviser and that he was Attorney General, he really had two hats. I think I have testified at least in the deposition about this. He was a member of the NSPG because the President wanted him to remain in that capacity because he had been in that position when he was Counselor to the President. He was a member of the NSPG not as the Attorney General, but as essentially a Special Counselor to the President.

The President—the way we set up the NSPG, he could invite to those meetings whoever he wanted. So often Ed would provide advice and counsel to the White House that was not strictly Justice Department business.

Mr. NUNN. All right.

Let me shift to one other line of questioning here. We talked this morning at length about the lunch you had with Director Casey on November 22d, which was Saturday. That was the day after you had destroyed the Finding of December 5th.

Mr. BECKLER. Yes. We stipulated that that lunch took place after everything that took place before it.

Mr. NUNN. One other question.

Didn't you this morning indicate that you did not in any way discuss the destruction of that Finding with Director Casey?

Mr. POINDEXTER. I don't believe I did. I don't have any recollection of that. I feel rather confident that I would not have discussed that with him.

Mr. NUNN. The thing I am puzzled on, why would you not tell him about destroying it? Wasn't he one of these people who knew about that Finding?

Mr. POINDEXTER. Yes, but you are missing the point, Senator.

When I destroyed that Finding, I didn't really think that it was an important document from the standpoint of the process that we had been going through. I viewed it as being superseded by the final Finding; and the reason I destroyed it was simply because if it leaked out, it would be misconstrued and present a picture that was not accurate as to the President's thinking at the time.

Mr. NUNN. Well, I understand that pat. But since Director Casey was head of the CIA and they were the ones who requested the Finding, wasn't it important if that embarrassing information was not going to come out to know that Finding had been destroyed?

Mr. POINDEXTER. I don't think so. You see, you are putting too much importance on my destruction of that Finding. At the time, my frame of mind was that destroying it was not really a very significant issue. And it would not have frankly occurred to me to even raise it with Director Casey.

It was a minor matter in my mind. As long as it didn't exist, you know, if it had leaked out, it would have been a big problem, I think.

Mr. NUNN. That is the point of my question. Unless you had the cooperation of Director Casey, it was inevitably going to leak out, wasn't it?

Mr. POINDEXTER. Good evidence I didn't discuss it with him, the copies you have came from apparently CIA files.

Mr. NUNN. That is the point. I wondered why if you didn't want it to come out, you didn't tell him to get rid of it?

Mr. POINDEXTER. I didn't consider it an important issue and it didn't occur to me there were other copies of it.

Mr. NUNN. One final question. Believe me, this is the final question.

Back to the point of the memo on the Iraq-Iran war where you said there were differences between the various views in the Administration. In that memo that the President was basically using for his decision to sign that Finding, wasn't it important to point out others in the Administration, including the interagency review, had a different view of the balance between Iran and Iraq?

Mr. POINDEXTER. I think that the President was aware at the time as to the other view. I frankly did not put great emphasis on that point one way or the other.

Mr. NUNN. So you think he was fully aware when you made that decision that there was more than——

Mr. POINDEXTER. Oh, I think—because I can recall when earlier in the administration there were all sorts of dire predictions of the Iraqis falling with the Iranian attack, and of course it never happened. I think that there was a great deal of misjudging the situation there.

Mr. NUNN. Thank you, Admiral. I wish you and your family well.

Thank you.

Chairman HAMILTON. Mr. Brooks?

Mr. BROOKS. Admiral, I have got just one question, really. You know, several times today you said that the American people when they vote for a President, they know what his foreign policy is, that they are voting for his foreign policy, he should be allowed to carry out that foreign policy without any interference.

Is that basically what you said?

Mr. POINDEXTER. What I said was that I think that the way our Constitution is written, the President is the chief architect of the foreign policy and the people when they vote for a President recognize the foreign policy position that he represents and that the President ought to be given an opportunity to carry out that foreign policy.

Mr. BROOKS. And are you suggesting that the millions of Americans that voted for the President were in favor of sending weapons to the Ayatollah in Iran?

Mr. POINDEXTER. I think that that is a tactical decision, using Mr. Courter's words, that most Americans would think that they didn't have enough information to make a decision one way or the other; and I think that most American people feel that that kind of tactical decision ought to be left up to the President who has the intelligence and who has the information on which to base that kind of decision.

Mr. BROOKS. One other thing, Admiral. I wanted to observe that the fact is that no Americans, very few Members of Congress, if any, even knew about this Presidential policy in November of '84 nor in November of '85 and it was only in November of '86, because of a story in a foreign periodical, that it was disclosed, and the re-

sults of the election that month, in November of '86, are pretty well known.

Thank you.

Mr. POINDEXTER. Mr. Brooks, may I respond to that?

Mr. BROOKS. Yes, sir. I didn't know if you kept up with that election. I know you were busy with a lot of other things. It was a wonderful election.

Mr. POINDEXTER. The White House certainly thought it was. But the point——

Mr. BROOKS. The '86 election?

Mr. POINDEXTER. Which election?

Mr. BROOKS. The '86 election when you were so busy with other matters.

Mr. POINDEXTER. I want to make two points. One, the policy of the President with regard to the Iran-Iraq war, the fact that we wanted to bring it to a peaceful end, was a very clear foreign policy statement that the President made before. The importance of the Persian Gulf, the security of the oil assets in the Persian Gulf area, was very clear. The President stated numerous times that we, the United States, would take whatever action is necessary to keep the Straits of Hormuz open and the oil flowing, so in terms of the policy, the importance of Iran to the free world, the importance of bringing an end to the Iran-Iraq war were both very public policy positions of President Reagan.

Now what we are talking about here with regard to the Iranian project, those were tactical moves that the President was taking to improve our strategic position with regard to Iran; and I don't believe and I felt that way then and I feel that way now, that the American people recognize that a President to be able to carry out foreign policy, the policy positions that he's stated publicly, often has to take secret action to implement those policies. That's what we were doing.

Mr. BROOKS. Thank you, Mr. Chairman.

Chairman HAMILTON. Before making the closing statement, the chair recognizes Senator Rudman.

Mr. RUDMAN. Mr. Chairman, very briefly, just as the Senate Members are returning from their vote, I just wanted to commend the chairman for the most even-handed way that he has handled this very difficult last few days and thank Admiral Poindexter. I want to make just a general comment lest someone misunderstands. The Congress respects to the highest degree the 6th amendment rights under our Constitution to the right of counsel to anyone appearing before our committee. Some counsel are more vigorous than others and those of us who have been in that pit understand that. And I just want the record to show that although in the opinion of some Members, including this Member, on occasion Mr. Beckler has been provoked maybe more than he had a right to be, nonetheless he has vigorously represented the admiral. I don't think anyone on this committee resents that representation.

We respect the 6th amendment rights. The chairman has ruled fairly under the Rules of the House and the Senate. I thought that the remarks ought to go in the record lest anyone think the admiral is denied full right to counsel in his appearance before this committee.

Chairman HAMILTON. Senator, I thank you for your gracious remarks.

Admiral Poindexter, I want to say that we have indeed appreciated your testimony. I've worked with you, I think, for about 5 years. I consider you to be honorable and able, certainly dedicated to this country and in all of my experience at all times, a gentleman. Besides all of those virtues, you have the good judgment to have been born in Indiana, Odon, Indiana, if I recall correctly. That is a community, for the benefit of my colleagues, that is less than 1500, I think, in population.

Your home State of Indiana and your community are justifiably proud of your service to the country. You have experienced, as other witnesses have before these committees, something of the satisfaction, I think, and something of the frustration of public servants; and none of us, I think, can know all of the circumstances that you confronted as the National Security Adviser to the President.

But I know enough about those circumstances and about your responsibilities not to judge you personally. It is, however—and I think you can appreciate this—our job to examine your role in the decisionmaking process so that we can understand what went on and try to correct the mistakes that occurred.

Your comments about secrecy in government or compartmentation, as you put it, concern me, as it concerns my colleagues, a great deal. You have testified that you intentionally withheld information from the President that denied him the opportunity to make probably the most fateful decision of his Presidency on whether to divert the funds from the Iranian arms sales to aid the Contras.

You said your objective was to withhold information from the Congress, apparently, so far as I understood the testimony, without direction or authority to do so. As many have mentioned, you destroyed the December 5th, '85 Finding. You apparently intended to have original documents relating to the Contras either altered or removed. You were unwilling to speak candidly with senior Justice and CIA officials about the HAWK missile shipments to Iran. And you kept the statements—or the Secretaries of State and Defense uninformed about important initiatives in their areas of responsibility.

Now all of us recognize the need for secrecy in the conduct of government. This Member has been privileged to receive, I believe, the highest secrets of our government and I am quite sympathetic to your pleas that secrecy is often needed and too often violated. Even so, I believe that in this instance we have had testimony about excessive secrecy that has had serious consequences for the decisionmaking processes of government. All of us who work within our system of government sometimes feel impatient with its painstaking procedures. All of us disagree from time to time with the decisions reached. Yet your comment about Congress—and I quote it directly—"I simply did not want any outside interference"—reflects an attitude which makes, in my judgment at least, our constitutional system of checks and balances unworkable.

Instead of bringing each agency dealing with foreign policy into the process, you cut those agencies out of the process. You told the committees, "I firmly believe in very tight compartmentation."

You compartmentalized not only the President's senior advisers, but, in effect, you locked the President himself out of the process. You began your testimony by saying that the function of a National Security Adviser is to present options and to advise the President.

Yet you told the committees, "The buck stops here with me." That is not where the buck is supposed to stop. You want to deflect blame from the President, but that is another way of saying you wanted to deflect responsibility from the President and that should not be done in our system of government.

You testified that diverting funds to the Contras was a detail, a matter of implementation of the President's policies and you felt that you had the authority to approve it.

Yet this was a major foreign policy initiative, as subsequent events have shown, with very far-reaching ramifications, and this Member, at least, wonders what else could be done in the President's name if this is mere implementation of policy.

As my colleague, Mr. Cheney, said yesterday. The secret methods you chose to determine and to implement policy were also self-defeating.

Both Mr. McFarlane and Lt. Col. North have acknowledged to these committees that it would have been better to continue the public debate, to seek Contra funding. Both the Contra resupply effort and the Iran initiative were highly controversial.

Decisions were made by only a few people. Many experts in the Government were not consulted who should have been. Members of Congress were not informed.

Contacts with high officials did not take place. Information was compartmentalized. Decisions were made in secret. And discussion about them was limited.

May I suggest to you, sir, that this approach did not and will not work?

You cannot gain and sustain the support of the Congress of the United States and the American people for significant foreign policy decisions when they are uninformed. The secret means employed on behalf of the policy undermined its success, and when revealed, in my judgment, contributed to its failure.

Now, beyond that, excessive secrecy led to disarray in the process of government. That December 5th Finding that has been so much talked about is a case study of excessive secrecy and how not to make policy in a covert operation.

You had the President sign a Finding that, by your own admission, was prepared before there had been thorough discussion of the issue; That was not representative of the total thinking on the subject; that was retroactive; that was stuck in a drawer for nearly a year without being shown to anyone; was forgotten by you and by the President.

And nearly a year later, when the operation began to unravel, you ripped it up because you thought it was politically embarrassing and put it into the burn bag.

As I understand your testimony, there was significant disarray in other aspects of these events. You, Mr. McFarlane, and Lt. Col.

North each had a different interpretation of the Boland Amendment.

You said that it applied to Executive Branch agencies and not the National Security Council. But you did not check with the White House counsel or the Attorney General.

Mr. McFarlane stated that the Boland Amendment did not apply to the NSC staff. Lt. Col. North said that it did not apply to the President or anyone directly working for the President.

And none of these interpretations were ever conveyed to the Congress until very recently. Lt. Col. North testified that he forwarded five memos to you regarding the diversion issue. It is not clear to me that you recall receiving any of them at the time.

Lt. Col. North testified that Director Casey sought to create an off-the-shelf, self-sustaining, stand-alone entity to conduct covert operations, but you said you had no knowledge of that entity; and these discrepancies, so far as this or these committees are concerned, remain unresolved.

Probably more important, secrecy contributed to disarray in the Oval Office. The President apparently did not know that you were making some of the most important foreign policy decisions of his Presidency. You have testified, "I was convinced that the President would, in the end, think the diversion was a good idea."

Yet, the President has stated that he would not have approved the diversion. Excessive secrecy placed the President in an untenable position and caused him to make false and contradictory public statements. Let me cite some of them.

On November 6, 1986, the President said, "The speculation, the commenting and all on a story that came out of the Middle East has no foundation."

A week later the President said, "We did not, repeat, we did not trade weapons or anything else for hostages."

But on March 4, the President said, "A few months ago I told the American people I did not trade arms for hostages. My heart and my best intentions still tell me that is true, but the facts and the evidence tell me it is not."

Turning to the solicitation of private aid for the Contras, the President said on May 5th, "I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people with these people."

But on May 15, the President altered his view. He said, "As a matter of fact, I was definitely involved in the decisions about support to the Freedom Fighters. It was my idea to begin with."

May I suggest that the President was unaware of some important actions taken by his staff and, therefore, he misspoke? Because he lacked information, the President inflicted serious and repeated political wounds upon himself. Polls continue to indicate that a majority of the American people still feels that the President, despite his statements to the contrary, did know that money from the Iran arms sales was channeled to the Contras.

Let me finish, Admiral.

Two policies brought us here. The arms sales to Iran and the diversion of funds from those sales to the Contras. The first began with a document the President forgot and you considered inoperative.

The second began without the President's knowledge. The President created the environment in the White House in which you and Lt. Col. North operated. He cared passionately about freeing the hostages and aiding the Contras.

He gave you broad authority to carry out those purposes. Apparently he did not spell out how you were to achieve those goals. You believe that it was left to you and to Lt. Col. North to make key decisions, but the President cannot delegate such authority. No one can ask you or expect you to take responsibility for the President's decisions. Those are his and his alone.

If the President did not know what you did, he should have known. Given the consequences of the President not knowing, it was incumbent on those who did to keep him informed.

Your testimony concerning the processes of government has been most disturbing. I think it makes the work of these committees very difficult indeed. And we turn at the latter part of this week to the testimony of officials more senior to you who apparently knew as little about some of these events as did the President.

Admiral, we appreciate your testimony, and we want to state at this time that we will be holding a session to receive the testimony of Admiral Poindexter on classified matters. So I will entertain a motion from the Ranking Minority Member regarding conducting that hearing in closed session.

Mr. Cheney?

Mr. CHENEY. Mr. Chairman, before I make the motion, it is my understanding that the Executive Session will occur immediately upon the conclusion of this session?

Chairman HAMILTON. That is correct.

Mr. CHENEY. And the emphasis will be placed upon those members on the Select Committee who serve on the Intelligence Committees?

Chairman HAMILTON. That is also correct.

Mr. CHENEY. For housekeeping purposes, it is my intention to invite only Mr. Smeeton of the staff on my side to attend.

Mr. BECKLER. Mr. Chairman, I just received this note from Mr. Liman there will be a 10- or 15-minute executive session. I am not sure we are prepared, without having an opportunity to examine a number of documents, to go forward with some of those matters. I wanted to inform you of that at this point.

Also, I think Admiral Poindexter had——

Chairman HAMILTON. Counsel, you will be given the opportunity for examination of those matters in the Executive Session.

Admiral?

Mr. POINDEXTER. The problem, Mr. Chairman, there are a lot of documents that I don't think are here that need to be reviewed before I answer these particular questions. At some future time——

Chairman HAMILTON. Admiral, we can appreciate that. I think we can defer that Executive Session if you would like. I would like, however, to go ahead with the vote on it so we may clear the way for it.

Mr. Cheney?

Mr. CHENEY. Mr. Chairman, in light of the sensitive nature of the material to be discussed, I move the committee meet in Executive Session.

Chairman HAMILTON. Chairman Inouye?

Chairman INOUYE. Mr. Chairman, I offer a motion to the Senate Select Committee that a hearing for Admiral Poindexter on this matter be closed due to the sensitive nature of the subject.

Mr. RUDMAN. I second that motion, Mr. Chairman.

Chairman HAMILTON. We have before us Senate and House motions to close the hearings. Is there discussion from either Senate or House members?

If not, hearing no request for discussion, the question for House members is on the motion to close the hearing made by Congressman Cheney on Admiral Poindexter's Executive Session. After that, the Senate Committee will decide its motion.

The Clerk will call the roll of the House members.

Ms. RAYNER. Mr. Hamilton.

Chairman HAMILTON. Aye.

Ms. RAYNER. Mr. Fascell.

Mr. FASCELL. Aye.

Ms. RAYNER. Mr. Foley.

Mr. FOLEY. Aye.

Ms. RAYNER. Mr. Rodino.

Mr. RODINO. Aye.

Ms. RAYNER. Mr. Brooks.

Mr. BROOKS. Aye.

Ms. RAYNER. Mr. Stokes.

Mr. STOKES Aye.

Ms. RAYNER. Mr. Aspin.

Mr. ASPIN. Aye.

Ms. RAYNER. Mr. Boland.

Mr. BOLAND. Aye.

Ms. RAYNER. Mr. Jenkins.

Mr. JENKINS. Aye.

Ms. RAYNER. Mr. Cheney.

Mr. CHENEY. Aye.

Ms. RAYNER. Mr. Broomfield.

Mr. BROOMFIELD. Aye.

Ms. RAYNER. Mr. Hyde.

Mr. HYDE. Aye.

Ms. RAYNER. Mr. Courter.

Mr. COURTER. Aye.

Ms. RAYNER. Mr. McCollum.

Mr. MCCOLLUM. Aye.

Ms. RAYNER. Mr. DeWine.

Mr. DEWINE. Aye.

Ms. RAYNER. The ayes are 15, the noes are zero.

Chairman HAMILTON. The motion is carried.

Chairman Inouye?

Chairman INOUYE. The motion before the Senate Committees is on the motion to close the Senate portion.

Ms. ANSHELES. Senator Mitchell.

Mr. MITCHELL. Aye.

Ms. ANSHELES. Senator Nunn.

Mr. NUNN. Aye.
Ms. ANSHELES. Senator Sarbanes.
Mr. SARBANES. Aye.
Ms. ANSHELES. Senator Boren.
Mr. BOREN. Aye.
Ms. ANSHELES. Senator McClure.
Mr. MCCLURE. Aye.
Ms. ANSHELES. Senator Cohen.
Mr. COHEN. Aye.
Ms. ANSHELES. Senator Trible.
Mr. TRIBLE. Aye.
Ms. ANSHELES. Senator Rudman.
Mr. RUDMAN. Aye.
Ms. ANSHELES. Senator Inouye.
Chairman INOUYE. Aye.
Mr. RUDMAN. Show aye, by proxy for Senator Hatch.
Ms. ANSHELES. Ten ayes, zero nays.
Chairman INOUYE. The motion is carried, Mr. Chairman.

Chairman HAMILTON. Admiral, pursuant to your request, we will defer the meeting but when that meeting occurs, we will work that out on mutual arrangement with you and your counsel. I would direct you to return to the committees upon call, and at that time, of course, the subpoena and the immunity order will remain in effect.

Mr. POINDEXTER. Mr. Chairman, may I make one brief comment before you adjourn?

Chairman HAMILTON. Yes, indeed, Admiral.

Mr. RUDMAN. Mr. Chairman, before the admiral speaks, I have a question. Is it my understanding that the meeting that you are going to have with the admiral on these matters will be limited to the Intelligence Committee chairman and members? I would prefer it that way. I don't see any need for people on this committee who are not members of the Intelligence Committees to necessarily hear that part of the testimony. I would just ask the chairman's intention.

Chairman HAMILTON. The chairman agrees with the Senator from New Hampshire. It is my preference, and I think the preference of the other leaders of the committee only to have Intelligence Committee Members who are also Members of the Select Committees attend.

I should point out, however, to all Members that they are entitled to attend if they want. But the preference would be to restrict it. I think Senator Boren and Congressman Stokes, the two committee chairmen, agree with that.

Mr. BOREN. Mr. Chairman, we do agree with that. I think we will be prepared to move forward just as soon as we hear back from Admiral Poindexter and counsel.

Chairman HAMILTON. Thank you. You concur, do you?

Mr. STOKES. Mr. Chairman, I also concur with the statement just made by Senator Boren and we would look forward to having this session at such time as Admiral Poindexter has had a chance to prepare himself for it.

Chairman HAMILTON. Admiral Poindexter, we thank you for your testimony. We wish you and your family all the best.

Mr. POINDEXTER. I just have one brief comment, Mr. Chairman.

With regard to your closing statement, I would just simply say that we will have to agree, you and I, to disagree on your interpretation of many of the events. And, finally, I leave this hearing with my head held high that I have done my very best to promote the long-term National Security interests of the United States.

Thank you.

Chairman HAMILTON. We are grateful to you, Admiral. We wish you and your family the best. The joint hearings stand in recess to reconvene for the executive session at a later date.

[Whereupon, at 4:55 p.m., the Select Committees recessed, subject to the call of the chair.]

APPENDIX A: EXHIBITS

EXHIBIT JMP-1

FROM THE MIDSHIPMEN'S REGULATIONS OF 1964

CHAPTER 4

HONOR CONCEPT

PRINCIPLES AND DEFINITIONS

1. The Honor Concept of the Brigade of Midshipmen establishes principles rather than outlining specific offenses. It demands the belief that midshipmen must learn to make their own decisions based on guidelines or principles concerning their actions in any situation.

Honor Concept principles are:

a. A member of the Brigade does not lie, cheat, or steal.

b. The responsibility for the implementation and enforcement of the Honor Concept rests with the Brigade.

c. Regardless of the rank or position of the person who reports a member of the Brigade for an honor violation, the investigation and evaluation of the accused is conducted by the Brigade.

d. The decision as to whether a member of the Brigade will report another midshipman for an honor violation rests solely with the midshipman observing the violation. This decision is of the gravest responsibility. It is based on whether, in his judgment, the violator is capable of assuming the high standards of personal integrity required of a member of the Brigade. Is he entitled to continue being a midshipman?

e. The decision of the Brigade in regard to an honor conviction is final, and will normally result in separation.

f. Every midshipman is presumed to be honorable until reasonable doubt is created otherwise. A midshipman's statements and actions must always represent the complete truth. In response to questions by competent superior authority, a midshipman shall answer forthrightly and truthfully, under any and all circumstances.

2. The following definitions are pertinent to the Midshipman Honor Concept:

a. Lie: A deliberate oral or written untruth. It may be an oral or written statement which is known to be false or a simple response to a question in which the answer is known to be false.

EXHIBIT
JMP-1

b. Mislead or deceive: A deliberate misrepresentation of true situation by being untruthful or withholding or omitting or subt wording information in such a way as to leave an erroneous or false impression of the known true situation.

c. Cheat: To intentionally mislead or defraud or endeavor mislead or defraud another contrary to the confidence normally placed a midshipman. To use unauthorized assistance in submitted work desig to represent one's own efforts. Similarly, plagiarism, in which work copied or paraphrased without giving credit by quotation marks and/or footnotes, is cheating.

d. Steal: To wrongfully take, obtain or withhold property from the possession of the true owner with the intention of permanentl or temporarily depriving the owner of its use or possession.

e. Intent: In lying, cheating, stealing, misleading, or deceiving, the intent of the accused midshipman is an integral part of the offense. Fraudulent intent or an attempt to mislead is germane to whether an honor offense has occurred or not.

3. The above guidelines should be the basis for a midshipman's conduct in all places and under all conditions, whether official or personal in nature. The Honor Concept is a way of life rather than a set of regulations.

0402. ORGANIZATION

1. The Brigade Honor Committee is an organization of midshipmen charged with the responsibility to indoctrinate the Brigade, to insure high standards of honor, to keep the Honor Concept alive as an integral part of every midshipman's education, and to hear the cases of those midshipmen reported for violations of the Honor Concept.

2. Each class in each company will elect an honor representative. Elections will be conducted just after completion of first semester examinations by the second, third, and fourth classes for the following year. The incoming fourth class will elect Company Honor Representatives on the second Tuesday following the reforming of the Brigade.

3. Company Honor Representatives from the prospective first class will elect, from among themselves, a Chairman, Vice-Chairman, Recorder and Coordinator for the Brigade Honor Committee. Replacement Company Honor Representatives will be elected for these committee officials from the company providing the individual.

4. In each battalion there will be a Battalion Honor Representative for each class. The first class battalion representatives will be appointed by the first class Brigade Honor Chairman. For the underclass the procedure will be by vote among the six newly elected company representatives from that battalion.

EXHIBIT JMP-2

National Security Council
The White House

UNCLASSIFIED

System # IV
Package #

N 44848

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson			
Bob Kimmitt	1	K	
John Poindexter	2	✓	
Tom Shull			
Wilma Hall			
Bud McFarlane	3	✓	
Bob Kimmitt			
NSC Secretariat	4	SEP 05 1984	N
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other

COMMENTS Should be seen by: (Date/Time)

UNCLASSIFIED

1223

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by S. Peger, National Security Council

EXHIBIT
#
JMP-2

MEMORANDUM

~~TOP SECRET~~ SYSTEM IV
NSC/ICS 400832

THE WHITE HOUSE
WASHINGTON

~~TOP SECRET/CODEWORD~~

September 2, 1984
N 44849

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER NORTH

SUBJECT: FDN Air Attack of 1 September (U)

Shortly after noon on 1 September, three FDN Cessna O-2 (push-pull) aircraft, launched from the FDN Resistance Base [redacted], attacked the Sandinista Military School at Santa Clara, Nicaragua with 2.75in. rockets (see map at Tab A). Accompanying the strike aircraft, for command and control, was a Hughes 500-D helicopter [redacted]. Aboard the helicopter was a U.S. private citizen who apparently was killed when the helicopter was downed by Sandinista small arms/AA fire. We have no evidence that SA-7 missiles were fired at any aircraft. ~~(TS)~~

This operation was not sponsored/directed by or briefed to any of our CIA personnel [redacted]. In discussions with Adolfo Calero both last night and this morning, it is evident that the Resistance Forces launched the attack after being goaded by the non-official Americans on-scene at the FDN Headquarters [redacted] Calero, when he left [redacted] on Friday, 31 August left instructions that this operation should not be conducted until he had talked to us. At our meetings with Calero on 1 September, both Clarridge and North urged that the operation be postponed because the rockets necessary for the attack had to be saved for potential use against the next arms delivery. Calero agreed, and in discussions with him this morning, indicated that the attack was undertaken without his permission. He has further expressed concerns that the growing presence of "non-official assistants" will increase the likelihood of similar incidents. From a military perspective the loss of the only operating FDN helicopter on the Northern Front is a serious blow. The only remaining helicopter available to the Resistance Forces is located at a small private field [redacted]. It may therefore be necessary to ask a private donor to donate a helicopter to the FDN for use in any upcoming operation against an arms delivery. We are knowledgable that FDN resources are not adequate to purchase a helicopter at this time. ~~(TS)~~

~~TOP SECRET~~
DECLASSIFY: OADR

~~TOP SECRET~~

~~TOP SECRET~~ [redacted] N 44850

[redacted] reveal that four Cubans were killed in the attack. Calero has information from his sources on the ground that there were no civilians casualties and that other foreign Sandinista advisors (Montoneros [Argentine terrorists] and Chilinos) may also have been killed when rockets struck the instructors' barracks. This information is at variance with the Sandinista press reporting we have already seen (Tab C). TSI

This afternoon the FDN will announce from [redacted] the attack was indeed undertaken and that Cubans were killed. A summary of the FDN press statement is at Tab D. TSI

Given the President's trip this afternoon, there will undoubtedly be numerous questions by the media traveling with the party. We should have no official statement on the event, but a properly worded and used backgrounder could be helpful in emphasizing our need to re-involve the USG in the Resistance effort. Since our briefings to the SSCI and the HPSCI, we have emphasized to members of Congress that the lack of funding creates a situation in which the USG has very little, if any, control over the FDN. A carefully worded press backgrounder could help reap some small benefit from this unfortunate event. Proposed press guidance is attached Tab I. TCL

RECOMMENDATIONS

1. That you brief the President on this action using the points above.

   Approve ~~[illegible]~~ Disapprove _____

2. That you approve the use of the press statement and guidance at Tab I and pass to Bob Sims.

   Approve ~~[illegible]~~ Disapprove _____

3. That you approve my approaching a private donor for the provision of a replacement civilian helicopter for use on the Northern Front.

   Approve _____ Disapprove ~~[illegible]~~

~~[illegible]~~

Attachments:

Tab I USG Press Guidance
Tab A Map
Tab B [redacted]
Tab C Sandinista Press Releases
Tab D FDN Press Statement (Summary)

~~TOP SECRET~~ [illegible] SECRET

EXHIBIT JMP-3

November 7, 1984 N 7858

TOP SECRET EYES ONLY

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Clarifying Who Said What to Whom

Exhibit JMP-3

ADM Poindexter indicates that the Director called you expressing concern that I had discussed with a Mr. Myers: Calero, [redacted] MIGs, dollars, etc. The following chronology may be helpful in clarifying the situation.

Monday, November 5 (p.m.). Calero called from Miami, using appropriate one-time-pad, expressing grave concern about delivery of HIND-D helicopters at El Bluff. He was very distressed that the Agency had not forewarned the FDN of the delivery and that by the time he learned of it from his own assets, it was too late to position forces in an effort to interdict/destroy the helicopters. It was obvious that Calero was well aware of the threat the MI-24's pose to his forces in the field. Calero indicated that he was undertaking plans to "take-out" the HINDs and asked that he be given all possible information on the location of the helicopters. I told him I would try to get the information to him.

Later this same evening, I called Bob Vickers (NIO for Latin America) and GEN Paul Gorman and asked them for all we had on the location of the HIND-D's.

Tuesday, November 6 (a.m.). [redacted]

Subsequent to this call, I called Calero, again using appropriate code, and advised that the HINDs had been moved [redacted] and could he provide any HUMINT assets on-scene. At this point Calero suggested that he come to Washington to meet with me for a few hours prior to departing on Wednesday (Nov 7) for Tegucigalpa. I agreed to meet Calero here in Washington later in the afternoon.

TOP SECRET EYES ONLY

Declassify: OADR 5/7/92 UNCLASSIFIED #161 EYES ON

EYES ONLY UNCLASSIFIED

N 7859

Tuesday, November 6 (p.m.). [redacted] the new Central American Task Force (CATF) Chief (who has recently replaced [redacted]) called to provide additional information [redacted] During the course of his call, he indicated that [redacted] Calero was coming to Washington unexpectedly. I told [redacted] that Calero would be meeting with me and invited him to sit in. We discussed the matter and agreed that [redacted] would meet separately with Calero in view of the Agency's determination that Section 8066 of the CR forebade the Agency from providing any information or assistance to the FDN.

Calero and I met privately mid-afternoon. During the meeting, Calero advised me that he had undertaken a plan to "borrow" a [redacted] T-33, which would be used to strike the location where the HINDs were being assembled. He indicated that the T-33 would be painted with Sandinista Air Force markings and that the aircraft would probably have to land at [redacted] on its return leg. Calero asked for detailed information on the location of the HINDs and the Sandinista anti-air defenses. We also discussed longer-range planning for a Calero-Cruz coalition and the requirements for military cooperation with the MISURA in the seizure of Puerto Cabezas.

The meeting with Calero was terminated by the 5:00 p.m. CPPG and Calero returned to Miami on a 6:30 p.m. flight. After the CPPG, I again called [redacted] and asked for any further updates on the HINDs and new info on the MIG's. [redacted] indicated that he was unable to meet with Calero on this trip due to the short lead time in notice of his arrival, [redacted] then asked if I was aware of a tasking to the NIO for an assessment of the Resistance capabilities. I told him that I was and that this was a fall out of the CPPG. I noted concern that State was of the opinion that the Resistance had become largely ineffective since our funding had run out in May 1984. [redacted] shared my assessment that quite the opposite was true and that the Resistance obviously had considerable outside support. I asked [redacted] if he was aware of the source of the Resistance funding. He told me no, that CIA had been trying to determine this, but that it was obviously substantial. I told [redacted] that it was important that the SNIE reflect the fact that there was substantial outside support which had continued for some months and showed no signs of abating. [redacted] agreed that this was the case. I asked him if the dollar amounts could be quantified. [redacted] responded that they were spending at least $1 million per month. I told [redacted] that the SNIE should include this estimate.

UNCLASSIFIED EYES ONL

TOP SECRET EYES ONLY

During this discussion, I apprised [redacted] of Calero's plan to "borrow" a [redacted] T-33 for an attack on the HINDs. [redacted] agreed with me that this was a high-risk operation, but that there did not seem to be any real alternative if the FDN were to survive. At the conclusion of our discussion, we briefly reviewed the prospects for a liberation government in which Cruz and Calero would share authority. [redacted] and I specifically agreed that our discussion would not be shared.

Wednesday, November 7. GEN Paul Gorman called at 1200 to relay new information on collection efforts for MIGs and the HIND aircraft.

At 1300 Calero called from Tegucigalpa again, using appropriate codes, and requested any available information on the HINDs and anti-air defenses [redacted] He indicated that he had tasked one of his column leaders to insert a man into [redacted] to observe [redacted] Calero advised that he would dispatch his pilot [redacted] to [redacted] as soon as he received intelligence on the HINDs.

At 1330 VADM Moreau confirmed [redacted] requests we had made and the modifications [redacted]

At 1345 [redacted] called to report additional Honduran airspace incursions by Sandinista helicopters in the vicinity of Cerro la mole (southwest of Tegucigalpa). I again noted the need for additional intelligence on the HINDs and that Calero was moving to implement the [redacted] T-33 option.

Thursday, November 8. At 1445 ADM Moreau delivered [redacted]

At no time did I discuss with [redacted] financial arrangements for the FDN. At no time did I indicate that Calero was attempting to attack the MIGs. I specifically told [redacted] that Calero was attempting to collect information on the MIGs [redacted] and would pass this information to a CIA agent [redacted] if it was available.

RECOMMENDATION

That you authorize me to continue as planned with Calero.

Approve _____ Disapprove _____

TOP SECRET EYES ONLY

UNCLASSIFIED EYES ON

EXHIBIT JMP–4

[redacted] --CPUA
[redacted] BUD MCFARLANE

UNCLASSIFIED Date and time 11/23/84 21:27:14

-- [redacted] --

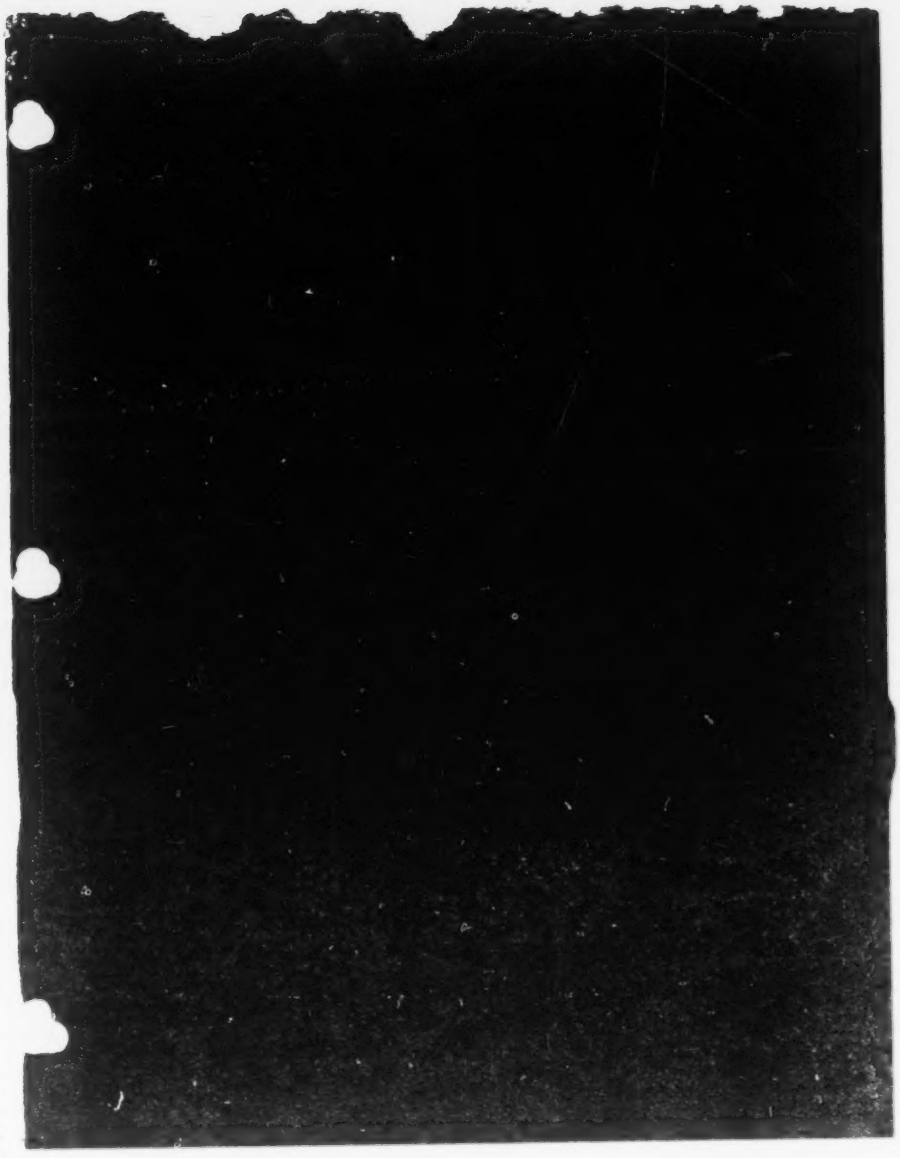
Partially Declassified/Released on [illegible]
Under provisions of E.O. 12356
by B. Rogge, National Security Council

NOTE FROM: JOHN POINDEXTER
SUBJECT: A Proposal for Resolving Inter-agency Conflict

Since your Friday note on your latest thinking on this subject, I have tried to analyse the fundamental problem and how a constructive approach might be developed to make progress given the President's decision not to change the Cabinet officers or the style of government.

[redacted]

EXHIBIT
JMP-4



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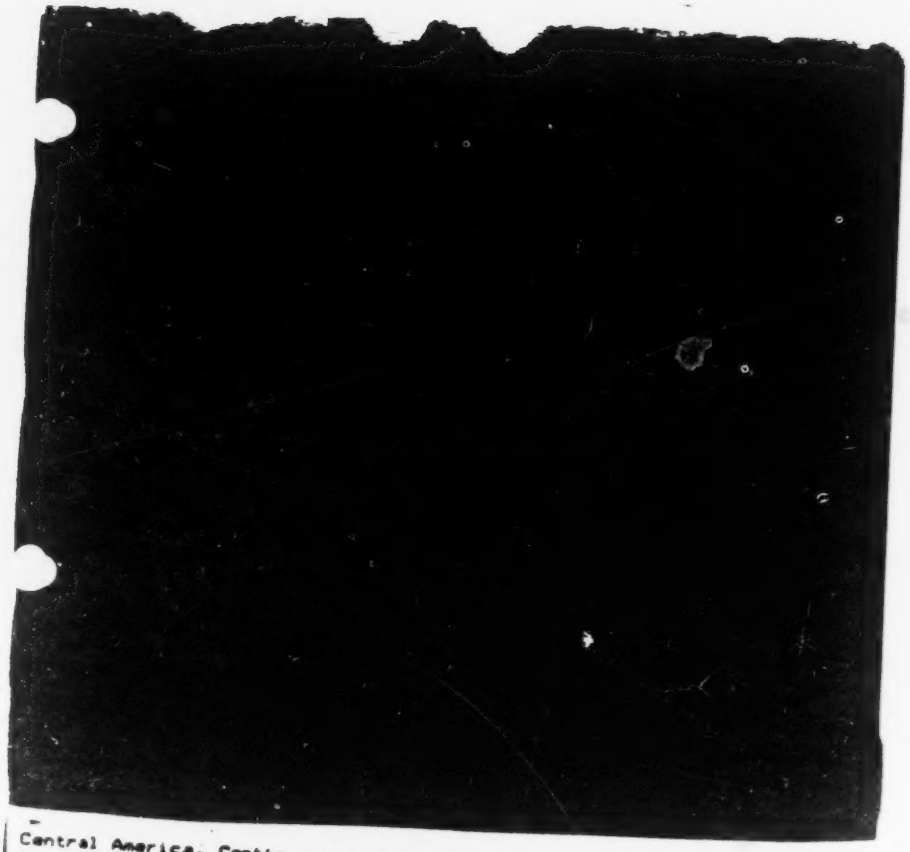


Central America. Continue active negotiations but agree on no treaty and agr
to work out some way to support the Contras either directly or indirectly.
Withhold true objectives from staffs.

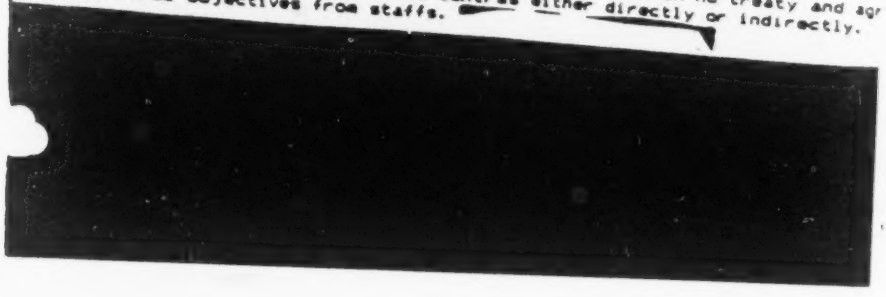


EXHIBIT JMP-5

SUBJECT: Targeting

Stark just showed me a copy of the new proposed target list, citing [redacted] in 18784 (which I thought Gabriel said would be hit as a matter of course) as a first priority. I don't think this is acceptable. Also, I don't see the logic in striking [redacted] It would seem to me the reverse sequence should be followed, both with regard to the [redacted] What device would you like us to use to get greater clarity on this? Also, the Saudi arms sales issue was supposedly discussed at an LSG last week. Do you know where this stands? Is the next step that of Bud speaking to Bandar?

MSG FROM: NSDRF --CPUA TO: NSRCH --CPUA 01/22/85 12:27:21
To: NSRCH --CPUA

-- SECRET --

NOTE FROM: DONALD R. FORTIER
SUBJECT: Contra Project

Ollie just debriefed me on your trip. When I meet with Hamilton and Fascell (which will be later this week, unless you see a reason for me to postpone) I would like to begin by saying you wanted me to give them the benefit of certain observations you drew on the basis of your recent talks in the region. Then I would stress the unanimity of view on the growing Sandinista challenge; the skepticism over successful negotiation in the absence of pressure; the willingness of regional leaders to begin providing quiet support for the Contras; and the overwhelming belief that in some way the US has to get back in the game. Beyond that, I will for now simply confine myself to taking soundings (following the outline I gave you of my talks with Duranberger). At some point soon, however, we need to decide more clearly what end result we want to steer the consultations toward. I still like the option, if it can be made to work.

Ollie believes we need to flag the possible option of a finding permitting us to seek third country support. John and I are both uneasy about raising this. Finally, at the right moment, it will be important to find some mechanism for bringing key Hill leaders together with regional leaders to hear first hand what walking away from the Contras would mean. When I had lunch with Lugar's chief of staff the other day on the structure of the Senate hearings, he said this would be the single most effective action we could take. Let me know if this is not how you want me to proceed.

Fortier 12/29/86 PROF

cc: NSJMP --CPUA

[redacted]

5 May 1

[redacted]

[redacted] JMP-5

183

EXHIBIT JMP–6

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

Bud, 2/7

N 6921

Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters I would readily recommend I bring the op at CFR at 2:00 today.

Of course we could discuss it from the standpoint of keeping the arms away from Iraq without any involvement of Cubans and Freedom Fighters.

What do you think? JF

UNCLASSIFIED

EXHIBIT
JMP-6

UNCLASSIFIED

National Security Council
The White House

System # ____
Package # ____

N 6920

	SEQUENCE TO	HAS SEEN	DISPOS
Paul Thompson			
Bob Kimmitt			
John Poindexter	1		
Tom Shull			
Wilma Hall			
Bud McFarlane	2	has seen	
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3		

I = Information A = Action R = Retain D = Dispatch N = No further

cc: VP Meese Baker Deaver Other ____

COMMENTS Should be seen by: ____
(Date/Time

UNCLASSIFIED

7635 #70 X

MEMORANDUM

~~CONFIDENTIAL~~ UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402003
Re-do

February 6, 1985

N 6917

~~TOP SECRET~~

ACTION

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by R. Wiggle, National Security Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaraguan Arms Shipments

The Nicaraguan merchant ship, NOMIMBO, is now in port at Taichung, Taiwan, where it is unloading cargo. It is estimated for departure on tomorrow, February 7, enroute to Shikama, Japan, for main engine repairs.

[redacted]

At this point, there appear to be three options:

-- The shipment could be seized and the weapons delivered to the FDN;

-- the ship could be sunk; or

-- the shipment and the [redacted] parties involved therein could be made public as a means of preventing the delivery.

~~TOP SECRET~~
Declassify: OADR

TOP SECRET

B&O.13

UNCLASSIFIED

~~TOP SECRET~~ 2 N 6918

There is no [redacted] apparent armed security detail aboard the MONIMBO, despite the sensitive nature of her cargo.

If asked, Calero would be willing to finance the operation. He does not, however, have sufficient numbers of trained maritime special operations personnel or a method of delivery for seizing the ship on the high seas. [redacted]

If such an operation were undertaken, it would be best to seize the vessel as it cleared the East China Sea enroute to Nicaragua's Pacific port at Corinto. Arrangements would have to be made for removal of the cargo for further transfer to the FDN, since it is unlikely that any of the other Central American states would allow MONIMBO to enter their harbors once she had been pirated.

If time does not permit a special operation to be launched, Calero can quickly be provided with the maritime assets required to sink the vessel before it can reach port at Corinto. He is in contact with maritime operations experts and purveyors of materiel necessary to conduct such an operation.

RECOMMENDATION

That you authorize Calero to be provided with the information on MONIMBO and approached on the matter of seizing or sinking the ship.

Approve ____ Disapprove ____

We need to take action to make sure ship does not arrive in Nicaragua.

~~TOP SECRET~~ TOP SECRET

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

~~TOP SECRET~~
N 6919
UNCLASSIFIED

NSC/ICS CONTROL NO. 402003

COPY NO. 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONL

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 93
under provisions of E.O. 12356
By R. Reger, Nat'l Sec. Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~
UNCLASSIFIED
UNIT

5/5/93

EXHIBIT JMP-7

From: NSJMP --CPUA
To: NSOLN --CPUA OLLIE NORTH

Date and time 08/31/85 13:35:58

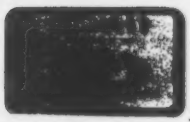
-- SECRET --

NOTE FROM: JOHN POINDEXTER
SUBJECT: PRIVATE BLANK CHECK
If you save this note in your files, I believe that you can always reply direct to me when you have sensitive info

N 7487

VE 2 12/4/86 P

5 May 1987



208

EXHIBIT JMP-7A

PLEASE CHECK BELOW — UNCLASSIFIED — CODE

IMMEDIATE — DACOR-8 — PAGES

RELEASER 171653 AMTS

DTG 85 AUG 17 P1:55 — DEA — N 29809

ROUTINE — TTY — 411

FAX # 240

FROM/LOCATION/

1. THE SITUATION ROOM

TO/LOCATION/TIME OF RECEIPT

1. ROBERT C. MCFARLANE/SANTA BARBARA/SITTO 4123 /TOR: 1717Z

2.

3.

4.

INFORMATION ADDEE/LOCATION/TIME OF RECEIPT

1.

2.

SPECIAL INSTRUCTIONS/REMARKS:

ATTACHED: Letter from Michael D. Barnes
Chairman
Subcommittee on Western
Hemisphere Affairs

Urgent delivery ASAP to Mr Hyatt

EXHIBIT Jmp-7A

Unclear
CLASSIFICATION

1715

UNCLASSIFIED

[redacted] Released on 6 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

August 17, 1985

JMP

UNCLASSIFIED N 29810

This was brought up to me first thing this morning from the Situation Room. Do you want to send RCM a copy before it is staffed?

YES___ NO-/

Bob

Kay

Send Bud an info copy with staffing indicated. Barnes is really a trouble maker. We have good answers to all of this. Staff to:

North - action
Sable
Regan
Thompson
Burghardt
} Coord.

J

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, DC 20515

UNCLASSIFIED

August 16, 1985

The Honorable Robert C. McFarlane
Assistant to the President
for National Security Affairs
Executive Office of the President
The White House
Washington, D.C. 20500

Dear Mr. McFarlane:

I am writing in response to recent press reports detailing the activities of certain National Security Council staff members in providing advice and fundraising support to Nicaraguan rebel leaders.

These reports raise serious questions regarding the violation of the letter and the spirit of U.S. law prohibiting support for the Nicaraguan rebels. The Congress, in passing the Boland Amendment (Section 8066 of P.L. 98-473), prohibited "the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the U.S. involved in intelligence activities" from supporting the rebels. It would be stretching the integrity of the law to suggest that this prohibition was not intended to cover the NSC. President Reagan, himself, in his executive order on the nation's intelligence agencies, describes the National Security Council as the highest government entity with responsibility for intelligence activities.

In addition, the Boland Amendment strictly prohibits assistance "for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations" of the Nicaraguan insurgents. Reports quote Administration officials describing Marine Lt. Col. Oliver North as providing "tactical influence" on rebel military operations, facilitating contacts for prospective financial donors, and otherwise organizing and coordinating rebel efforts. These activities clearly have "the effect of supporting" the Nicaraguan rebels.

Congressional intent in passing the Boland Amendment was to distance the United States from the Nicaraguan rebel movement, while the Congress and the nation debated the appropriateness of our involvement in Nicaragua. The press reports suggest that, despite congressional intent, during this period the U.S. provided direct support to the Nicaraguan rebels.

UNCLASSIFIED 9816

In order to clarify the circumstances surrounding Lt. Col. North's activities, as chairman of the subcommittee with jurisdiction over United States policy toward Nicaragua, I request that you provide Congress with all information, including memoranda and any other documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebels leaders as of enactment of the Boland Amendment in October, 1984.

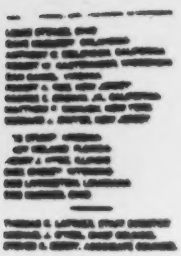
Thank you for your attention to this request.

Sincerely,

Michael D. Barnes
Chairman
Subcommittee on Western
Hemisphere Affairs

MDB:na

#563



U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

N 9663
621

August 20, 1985

Honorable Robert C. McFarlane
Assistant to the President
for National Security Affairs
The White House
Washington, D.C. 20500

Dear Mr. McFarlane:

Recent press accounts of the alleged activities by the National Security Council regarding the contras in Nicaragua raise some questions.

If the NSC did engage in actions that supported the military activity of the contras, I am curious about what actions were taken by the NSC to support the activities of the contras during the period after the enactment of the Boland amendment and before its recent modification.

I would like to receive a full report on the kinds of activities regarding the contras that the NSC carried out and what the legal justification is for such actions given the legislative prohibitions that existed last year and earlier this year.

With best wishes, I am

Sincerely yours,

Lee H. Hamilton
Chairman

EXHIBIT JMP-8

From: NSWRP --CPUA Date and time 08/20/85 14:41:04
To: NSJMP --CPUA JOHN M. POINDEXTER

NOTE FROM: BOB PEARSON
Subject: Barnes letter requesting material re North/Contra contacts
Note from Ollie. Brenda Reger is doing a memo to you on what sources of information might be the object of the Barnes letter. I agree with Ollie that we need to proceed carefully. Paul Thompson suggested that Jock Sharfin might become familiar with the Boland amendment as part of his familiarization wit NSC issues. He's reading up on the subject in the law library and will not be contacting anyone at State or elsewhere. Reger's memo should be to you thisafternoon. Thanks very much.
*** Forwarding note from NSOLN --CPUA 08/20/85 12:45 ***
To: NSWRP --CPUA

*** Reply to note of 08/19/85 13:37

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: Barnes letter requesting material re North/Contra contacts
Prior to yr xfer of this action, I discussed the Barnes ltr w/ Jim Michel and he urges that we not jump too fast on this issue. He shares my concern that our legal fellow is going to create unhelpful speculation re our intentions on this matter as he proceeds around town asking questions about the Boland ammendment and its legal/legislative intent. Jim recommends, and I agree, thatour response to the Barnes letter should be very quietly drafted by Jim, Paul Thompson and a rep from Fielding's office. Regards, North

cc: NSSSR --CPUA NSWRP --CPUA
NSWFM --CPUA JOHN M. POINDEXTER NSWRP --CPUA JOHN M. POINDEXTER

cc: NSOLN --CPUA NSSSR --CPUA
NSPBT --CPUA

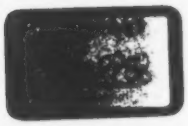


EXHIBIT JMP–9

[redacted]

UNCLASSIFIED

II 29796

EXHIBIT
JMP-9

National Security Council
The White House

System # I
Package # 6512

85 AUG 20 P4:38

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	1	P	A
William Martin			
John Poindexter	2		
Paul Thompson			
Wilma Hall			
Bud McFarlane			
~~William Martin~~ Pearson	3	P	A
NSC Secretariat	4		N
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other

COMMENTS

Should be seen by: ASAP (Date/Time)

JMP.

Regan's memo. You may want to meet on this to decide precisely what should be done. Regan is scheduled for lunch 8/21 afternoon and recommend we huddle 8/21 a.m. Thx, Bob

UNCLASSIFIED 6512

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

411

August 20, 1985

Declassified/Released on 12 May 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

ACTION

MEMORANDUM FOR JOHN M POINDEXTER

FROM: BRENDA S. REGER

SUBJECT: Barnes Request

Before we can decide how to respond to Congressman Barnes' request for documents, we must determine whether any exist and are retrievable and, whether they are White House or NSC.

In past instances of allegations of this kind (e.g. Billy Carter and Libya, Dick Allen, etc.) we have treated the request as broadly based for all records whether NSC or White House but have maintained them as separate issues within the request. At the same time, the search should be as narrowly focused as was the request. In this case, Congressman Barnes has focused on "...documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebel leaders as of...October, 1984."

There is unlikely to be a great deal of documentation such as is described but we should search the files only on that basis. Fishing expeditions in all files relating to Central America and/or Nicaragua are NOT necessary to respond to the request.

Secretariat usually does searches in response to Congressional requests, but in this case I can have Donna search NSC and Presidential Advisory files by computer here in my office and ask Intel and CMC to do the same in their files. I will brief Jim Radzinski and Rod's person on how to conduct the narrowly defined search in their files.

Working files in staff member's offices are NOT subject to this or any other kind of searches since they are "convenience files" generally made up of drafts, and/or copies of documentation in the institutional and Presidential Advisory files. I therefore see no need to search whatever "convenience files" Ollie may have in his office.

Appointment logs and/or telephone logs however have become favorite targets of such inquiries (e.g. Zbig and staff in the Billy Carter thing, Wick, Ann Burford, etc.) and we must be prepared to deal with that issue. I wasn't involved in the handling of the issue for Zbig on Billy Carter but as I recall they "created" an excerpt listing of times and dates of telecons and meetings Brezinski and other staff had from their logs rather than provide the logs themselves. (We could check Kimmitt's files and/or ask him or Brezinski if you like.)

80

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It may be in our interest to be terribly forthcoming and bury Mr. Barnes in logs of dates and/or names re meetings and telecons or perhaps to offer to do so putting him on notice that the logs give times and dates but no substance.

Before we provide any response to Barnes, however, we need to know the scope of the documentation on contacts. Once we have that, the legal issues can be addressed.

Recommendation A

That you authorize me to start a search of the Secretariat, Intel, CMC files (both Presidential and NSC) as described above:

Approve ✓ - SMP Disapprove _____

Recommendation B

That for now we limit the search on the appointment and telephone logs to Ollie sampling his telephone and appointment calendars to give us a sense of what they consist of and of the potential relevance to the request.

Approve ✓ - SMP Disapprove _____

UNCLASSIFIED

EXHIBIT JMP–10

[redacted] --CPUA
[redacted] --CPUA

Date and time [redacted] --CPUA

[redacted]
JOHN M. POINDEXTER

UNCLASSIFIED

NOTE FROM: [redacted]
SUBJECT: Reply to Hamilton on Ollie's Activities

I have sent you both separately a draft letter I have composed to answer Lee Hamilton's letter on Ollie's activities. One or two annotations are appropriate. The reference to "insert #1" refers to paragraph one of page two of your draft Ollie. "Insert #2" refers to the second paragraph of page two. Please do not share either this note or the seperate draft with anyone. Val will prepare a smooth version of it for me Wednesday morning. Please bring me any edits you have. Ollie, don't send me any PROFS notes about it. Many thanks.

UNCLASSIFIED

1500 x 4

Declassified/Released on 4/6/1987
under provisions of E.O. 12356
by D. Regt, National Security Council

EXHIBIT
JMP-10

1418

ERRA
Encl TWC
[redacted]

NLS 5(
12/2/(E-
K)

From: NSRCH --CPVA
To: NSWGH --CPUA

Date and time 08/03/88 21:35:34

UNCLASSIFIED

NOTE FROM: [redacted]
SUBJECT: Letter to Congressman Lee Hamilton

Dear Mr. Chairman,"

This is in reply to your letter of August 2, 1988 in which you called attention to press reports of "...alleged activities by the National Security Council (staff) regarding the contras in Nicaragua..." and asked for a full report and legal justification for any such activities. Like you, I take such charges very seriously and consequently have thoroughly examined the facts and all matters which in any remote fashion could bear upon these charges. From that review I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or spirit of the law. While your letter refers to the language of the Boland amendment which proscribes activities "...for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual," I would extend my assurance to the violation of any law.

Your letter does provide a timely opportunity to restate the policy of this Administration with regard to the Nicaraguan Freedom Fighters and just what activities have been undertaken in support of this policy. First it is I think clear that President Reagan believes in the purposes for which the Freedom Fighters were formed--to resist the repression of the Nicaraguan government and to work for the establishment of democracy in Nicaragua. But it is equally clear that the President has made it emphatically clear that all US support was to be in strict compliance with the law. What then was the nature of our activities in support of the Freedom Fighters?

In the fall of last year, with the enactment of the Boland Amendment, it was apparent that the resistance was demoralized at the prospect of an end to US support for their cause. While we acknowledged to them that we could no longer contribute directly or indirectly to the military paramilitary prosecution of their resistance we stated that we would continue to seek congressional support to do so and that meanwhile they could usefully devote their efforts in other directions. For example, it was clear that the Freedom Fighters were at a disadvantage to the extent that their goals, purposes and terms were poorly understood while those of the Sandinista government were promoted by the normal diplomatic and public affairs institutions of their government. In order to help balance this promotional effort we made recommendations to the Contra leaders as to how they could better explain their cause; how our Congress was organized; to whom they ought to make their case and why there was a natural sentiment of antagonism toward them by some of your colleagues. In this latter regard, we stressed reports of alleged atrocities committed by them and urged strongly that they investigate these charges and if true, punish those responsible. Separately, we stressed that their purposes would suffer a lack of credibility for as long as their activities remained military alone. We urged that they forge a representative political front involving credible non-military figures and that this front take responsibility for framing a politicalprogram centered upon peaceful evolution
toward a pluralistic process. Over time these efforts led to the March 1 San Jose proposal in which the Freedom Fighters offered to lay down their arms and enter into negotiations with the Nicaraguan government brokered by the Church. As this process began to mature this past spring we even encouraged them to desist from military activities at a time when their proposal might have had

4417

UNCLASSIFIED

more chance of adoption by the other side. At no time did we encourage military activities. This urging against continuing military activities was as close as we ever came to commenting upon or seeking to influence the military aspect of their struggle.

It is equally important to stress what we did not do. We did not solicit funds or other support for military or paramilitary activities either from Americans or third parties. We did not offer tactical advice for the conduct of their military activities or their organization. Nor did our liaison contacts seek to influence them to do other than [illegible] outcome [illegible] (add insert #1).

With regard to the legal justification for the activities I have cited, I can only state the reasonable requirement that any Administration gain appropriate information on which to base coherent policy decisions. The Freedom Fighters comprised one significant element among many on whom it was and remains important for the Administration to be advised in a timely fashion. As a personal observation I would only add that had we failed to do so, the absence of influence, which in all likelihood would have ensued, could have led the Freedom Fighters to adopt a purely military effort--a course which neither of us would support. But I wish to stress once more that at no time did it seem to me that any of our activities was in contravention of law or the public trust.

Mr Chairman (add insert #2).

Sincerely

P S Mr Chairman I would like to call to your attention a particularly unfortunate result of the recent public allegations. Following the appearance in a Sunday article of the charges, Lieutenant Colonel Oliver North, the officer who conducted many of the contacts with the Freedom Fighters, suffered a number of intrusions on his family life. Demonstrators at his home pushed down a fence; one of his pets was poisoned and his automobile was damaged. He and members of his family received numerous harassing telephone calls at various times of day and night. To

avoid this harassment he had to leave home with his family and take up temporary residence at a remote location until the demonstrations ceased. I would ask that you not share these events with anyone for neither he nor I wish to engender sympathy. I bring them to your attention in the interest in bringing this matter to a close. I am at your disposal to help in any way possible.

cc: NSOLN --CPUA NSJMP --CPUA JOHN M. POINDEXTER

UNCLASSIFIED

EXHIBIT JMP-11

#564

Declassified/Released on MAY 7, 1987
under provisions of E.O. 12356
P. Reger, National Security Council

THE WHITE HOUSE
WASHINGTON

N. 9664

September 5, 1985

Dear Mr. Chairman:

This is in reply to your letter of August 20, 1985 in which you called attention to press reports of "...alleged activities by the National Security Council (staff) regarding the contras in Nicaragua..." and asked for a full report and legal justification for any such activities. Like you, I take such charges very seriously and consequently have thoroughly examined the facts and all matters which in any remote fashion could bear upon these charges. From that review I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or spirit of the law. While your letter refers to the language of the Boland amendment which proscribes activities "...for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual," I would extend my assurance to the violation of any law.

Your letter does provide a timely opportunity to restate the policy of this Administration with regard to the Nicaraguan Freedom Fighters and just what activities have been undertaken in support of this policy. First, it is I think clear that President Reagan believes in the cause espoused by the Freedom Fighters -- opposition to Sandinista repression and the achievement of democracy in Nicaragua. But it is also true that the President has made it emphatically clear that all US support was to be in strict compliance with the law. What then was the nature of our contacts with the Freedom Fighters?

In the fall of last year, with the enactment of the Boland Amendment, it was apparent that the Freedom Fighters were demoralized at the prospect of an end to US support for their cause. While we acknowledged to them that we could no longer contribute directly or indirectly to the military/paramilitary prosecution of their resistance, we stated that we would continue to seek Congressional support to do so and that meanwhile they could usefully devote their efforts in other directions. For example, it was clear that the Freedom Fighters were at a disadvantage to the extent that their goals, purposes and terms were poorly understood while those of the Sandinistas were promoted by their existing diplomatic and public affairs institutions and those of their bloc patrons. In order to help balance this promotional effort, we discussed with the Contra leaders the importance of their explaining their cause to the public and their providing information to interested Members of the Congress. We pointed out why there was a natural sentiment of antagonism toward them by some in the United States. In this

Declassified/Released on 9 May 1987
under provisions of E.O. 12356
P. Reger, National Security Council

latter regard, we stressed reports of alleged atrocities imputed to them and urged strongly that they investigate these charges and, if true, punish those responsible. Separately, we stressed that their purposes would suffer a lack of credibility for as long as their activities remained only military. We urged that they forge a representative political front involving credible non-military figures and that this front take responsibility for framing a political program centered on achieving a peaceful, democratic evolution in Nicaragua. Over time, these efforts led to the March 1 San Jose declaration in which the Freedom Fighters offered to lay down their arms and enter into a church-mediated dialogue with the Sandinistas. As this process began to mature this past spring we encouraged them to desist from military activities at a time when their proposal might have had some chance of adoption by the other side. At no time did we encourage military activities. Our emphasis on a policial rather than a military solution to the situation was as close as we ever came to influencing the military aspect of their struggle.

It is equally important to stress what we did not do. We did not solicit funds or other support for military or paramilitary activities either from Americans or third parties. We did not offer tactical advice for the conduct of their military activities or their organization. Nor did our liaison contacts seek to influence them toward other than a democratic outcome. Our most recent contacts with the Freedom Fighters have dealt with the administration of the $27 million in humanitarian assistance. Our effort has been to ensure that this program is properly administered and that it, too, is fully compliant with the legal requirements contained in the legislation. In short, we want to do it right.

With regard to the legal justification for the activities I have cited, I can only state the reasonable requirement that any Administration gain appropriate information on which to base coherent policy decisions. The Freedom Fighters comprised one significant element among many on whom it was and remains important for the Administration to be advised in a timely fashion. As a personal observation I would only add that had we failed to do so, the absence of influence, which in all likelihood would have ensued, could have led the Freedom Fighters to adopt a purely military effort -- a course which neither you nor I would support. But I wish to stress once more that at no time did it seem to me that any of our activities was in contravention of law or the public trust.

Mr. Chairman, I believe that future events will confirm that our contact with the resistance has had a positive effect on achieving a democratic outcome in the region. I well recognize that the Administration and the Congress may differ as to how best to achieve this goal. Nonetheless, we are both in agreement that such an outcome is desirable and that it must be achieved within the limits of our law. Should you so desire, I would be

N 9666

most willing to discuss this matter further with you and other members of your committee. Thank you for this opportunity to clarify what has been a most unfortunate misrepresentation of the facts.

Sincerely,

Robert M. Gates

The Honorable Lee H. Hamilton
Chairman
Permanent Select Committee
on Intelligence
House of Representatives
Washington, D. C. 20515

P.S. Mr. Chairman, I would like to call to your attention a particularly unfortunate result of the recent public allegations. Following the appearance in a Sunday article of the charges, Lieutenant Colonel Oliver North, the officer who conducted many of the contacts with the Freedom Fighters, suffered a number of intrusions on his family life. Demonstrators at his home pushed down a fence; one of his pets was poisoned and his automobile was damaged. He and members of his family received numerous harassing telephone calls at various times of day and night. To avoid this harassment, he had to leave home with his family and take up temporary residence at a remote location until the demonstrations ceased. I would ask that you not share these events with anyone for neither he nor I wish to engender sympathy. I bring them to your attention in the interest of bringing this matter to a close. I am at your disposal to help in any way possible.

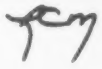

EXHIBIT JMP-12

#566

Classified/Released on MAY 7 1987
under provisions of E.O. 12356
by B. Raven, National Security Council

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

N 9648

September 12, 1985

EXHIBIT
JMP-12

~~CONFIDENTIAL~~

Dear Congressman Barnes:

This is in reply to your letter of August 16, regarding the activities of members of the NSC staff in connection with the Nicaraguan democratic resistance. Like you, I take these charges very seriously and consequently have thoroughly examined the facts and circumstances which could bear upon these charges in any fashion.

Based on this review, I want to assure you that my actions, and those of my staff, have been in compliance with both the spirit and the letter of the law. In your letter, you referred specifically to the proscriptive language of Section 8066 of P.L. 98-473--the Boland Amendment. There have not been, nor will there be, any expenditures of NSC funds which would have the effect of supporting directly or indirectly military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual. Indeed, our actions have been and must be in conformity, not only with this proscription, but with all laws.

Your letter affords a useful opportunity to comment upon allegations in the media regarding the activities of Lieutenant Colonel North and other members of my staff. Various NSC staff officers have been in contact with members of the Nicaraguan resistance since the opposition began to organize in 1982. These staff contacts, as well as my own, and those of the President, have been important in determining the course of our policy. Discussions with the resistance leaders have helped us to assess the integrity of their commitment to the cause of democracy and justice in Nicaragua. We have also discussed the evolving character of U.S. support as we moved from covert support for their cause in 1982-84 to the more restrictive, exclusively political support allowed since October of last year to the current situation in which we are able to provide only humanitarian assistance.

Contrary to reports that we used these contacts to provide "tactical influence" or to plan military operations, we urged the resistance leaders to forge a representative political front, involving credible non-military figures, aimed at achieving a democratic outcome in Nicaragua. We have also emphasized that

~~CONFIDENTIAL~~

UNCLASSIFIED

the resistance must investigate charges of human rights violations, punish any guilty parties, and put in place measures to prevent such acts from taking place. Throughout, we have scrupulously abided by the spirit and the letter of the law. None of us has solicited funds, facilitated contacts for prospective potential donors, or otherwise organized or coordinated the military or paramilitary efforts of the resistance.

Since October 1984 when the Boland restrictions were enacted, Lieutenant Colonel North has travelled to Central America eight times for the purpose of meeting with foreign government officials regarding our Central America policy. During these trips, as well as in other meetings in the U.S., he has conferred with leaders of the Nicaraguan resistance. He acknowledged to both the foreign government officials and the opposition leaders that, while we could no longer contribute directly or indirectly to the military/paramilitary prosecution of their resistance, we would continue to seek Congressional support for their cause. He further urged, as I did during my January 1985 trip to the region, that every effort be made to broaden their political base and establish a political program providing for negotiations toward an internal reconciliation. We also urged that they make clear their commitment to a political, not a military solution, in their international contacts.

These efforts led to the March 1 San Jose Declaration in which the freedom fighters offered to lay down their arms and enter into a church-mediated dialogue with the Sandinistas. As this process matured this past Spring, the President met with the three principal resistance leaders and encouraged them to desist from military activites when it appeared that their proposal might be accepted by the Sandinistas. These actions resulted in the June 12 statement of democratic objectives announced by the Unified Nicaraguan Opposition (UNO) in San Salvador, El Salvador. Our emphasis throughout has been on a political rather than a military solution.

Recent contacts with the resistance have focused on ensuring that the $27 million in humanitarian assistance is properly administered and fully compliant with the legal requirements contained in the legislation. In short, we want to do it right. I well recognize that the Administration and the Congress may differ as to how we can best achieve our shared goal of a democratic outcome in the Central American region. Nonetheless, we agree on the desirability of this outcome and that it must be achieved within the limits of our law.

CONFIDENTIAL

~~CONFIDENTIAL~~

3

N 965

Mr. Chairman, like you, I am most concerned that at a time when humanitarian assistance is being extended to the UNO there be no misgivings as to the existence of any parallel efforts to provide, directly or indirectly, support for military or paramilitary activities in Nicaragua. There has not been, nor will there be, any such activities by the NSC staff. In the interest of providing such assurances as may be helpful in forging mutual trust and confidence, I remain fully prepared to discuss these matters with you and other members of your committee.

Thank you again for this opportunity to clarify a most unfortunate misrepresentation of the facts.

Sincerely,

Robert McFarlane

The Honorable Michael D. Barnes
House of Representatives
Washington, D.C. 20515

~~CONFIDENTIAL~~

CONFIDENTIAL

EXHIBIT JMP-13

IV

99TH CONGRESS
2D SESSION

H. RES. 485

Directing the President to provide to the House of Representatives certain information concerning activities of Lieutenant Colonel Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan resistance.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1986

Mr. COLEMAN of Texas submitted the following resolution: which was referred jointly to the Committees on Foreign Affairs, Armed Services, and Permanent Select Committee on Intelligence

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RESOLUTION

Directing the President to provide to the House of Representatives certain information concerning activities of Lieutenant Colonel Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan resistance.

Resolved, That not later than 7 days after the adoption of this resolution, the President shall provide to the House of Representatives the following information, to the extent such information in the possession of the President:

(1) A complete list and description of any contact or other communication between Lieutenant Colonel Oliver L. North or any other member of the staff of

the National Security Council and any private individual or any representative of a foreign government concerning the provision to the Nicaraguan resistance of any funding or other assistance from any source other than the United States Government (including assistance by any private group or individual or by any foreign government); and any document prepared by or in the possession of any member of the staff of the National Security Council concerning the provision of any such assistance, specifically including any document concerning any discussion of or involvement in private fund-raising activities on behalf of the Nicaraguan resistance by any member of the staff of the National Security Council.

(2) A complete list and discription of and any document concerning any contact or other communication, directly or through intermediaries, since July 28, 1983, between Lieutenant Colonel Oliver L. North or any other member of the staff of the National Security Council and any member or representative of the Nicaraguan resistance, including any communications concerning the military strategy or tactics, coordination of the activities, or the military equipment or training needs of the Nicaraguan resistance.

(3) A complete list and discription of and any document concerning any contacts or other communication since July 28, 1983, between Lieutenant Colonel Oliver L. North or any other member of the staff of the National Security Council and Robert W. Owen (who has served as a consultant to the Nicaraguan Humanitarian Assistance Office), Major General John K. Singlaub (United States Army, retired), John Hull (a United States citizen operating a ranch in northern Costa Rica).

SEC. 2. As used in this resolution, the term "document" includes any report, memorandum, meeting schedule or minutes, log or other record of telephone calls or other communications, appointment calendar, or other record or document of any other kind.

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EXHIBIT JMP-14

THE WHITE HOUSE
WASHINGTON

July 21, 1986

Dear Mr. Chairman:

This is in reply to your letter to the President of June 25, 1986, requesting comments on H. Res. 485, relating to the allegations of improper activities by members of the National Security Council staff in support of the Nicaraguan resistance. The Administration strongly opposes enactment of the resolution.

Last fall, in an effort to cooperate with Chairman Barnes, my predecessor, Robert C. McFarlane, met with members of your committee and the House Foreign Affairs Committee. While I did not participate in these discussions, I understand that information on the specific issues raised in H. Res. 485, was provided to your Committee and that this information made it clear that the actions of the National Security Council staff were in compliance with both the spirit and letter of the law regarding support of the Nicaraguan resistance.

Thank you for the opportunity to comment on H. Res. 485. I have forwarded similar letters to Chairman Fascell and Chairman Aspin and sincerely hope this matter can finally be put to rest.

Sincerely,

John M. Poindexter

The Honorable Lee Hamilton
U.S. House of Representatives
Washington, D.C. 20515

N 3529

U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

RLE
CPC
FILE
COMMENT

Ollie North file

July 1, 1986

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I am writing to request your comments on H. Res. 485, a resolution of inquiry directing the President to provide to the House of Representatives certain information concerning activities of Lieutenant Colonel Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan resistance.

This resolution was introduced in the House on June 24, 1986 and referred jointly to the Committees on Foreign Affairs, Armed Services and the Permanent Select Committee on Intelligence. Under the rules of the House, the committees must act on this legislation within 14 legislative days, beginning June 25. Since the July 4th recess period has intervened, this time period will not be up until the end of July. Therefore, I respectfully request your response to this resolution no later than July 23 in order to give the Committee adequate time to consider the matter.

A copy of H. Res. 485 is enclosed for your reference.

With best wishes, I am

Sincerely yours,

Lee H. Hamilton
Chairman

Enclosure

430091

Congress of the United States

Committee on Foreign Affairs N 133

House of Representatives

Washington, DC 20515

June 25, 1986

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I am writing to request your comments on H.Res. 485, a resolution of inquiry directing the President to provide to the House of Representatives certain information concerning activities of Lt. Col. Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan resistance.

This resolution was introduced in the House on June 24, 1986 and referred jointly to the Committees on Foreign Affairs, Armed Services and the Permanent Select Committee on Intelligence. Under the rules of the House, the committees must act on this legislation witnin 14 legislative days, beginning June 25. Since the July 4th recess period will start shortly, this time period will not be up until the end of July. Therefore, I respectfully request your response to this resolution no later than July 22nd in order to give the committee adequate time to consider the matter.

A copy of H.Res. 485 is enclosed for your reference.

With highest regards, I am

Sincerely yours,

Dante B. Fascell
Chairman

DBF:ji
Enclosure

Kathy -
Copies sent to
Alan Ly.: Sable,
Sacirst will
advise!

EXHIBIT JMP-15

[redacted]

MSG FROM: MSJMF --CPUA TO: MSOLN --CPUA 08/11/86 18:46:07
To: MSOLN --CPUA OLLIE NORTH

-- SPCNET -- UNCLASSIFIED

NOTE FROM: JOHN POINDEXTER
Subject: NPSCI interview of North
Well done.
*** Forwarding note from MSJMP --CPUA 08/06/86 09:29 ***
To: MSNDN --CPUA

NOTE FROM: ROB MCFARLANE
SUBJECT: NPSCI interview of North

Session was successful - Hamilton will entertain motion seconst to report unfavorably on Resolution of Inquiry and made clear believes NPSCI can turn aside future offers of similar resolutions. North's remarks were thorough and convincing. Hamilton underlined his appreciation to Admiral and to Ded for full cooperation offered by NSC. He restated there were no facts uncovered by or known to NPSCI to substantiate the allegations in the resolution of inquiry or media reports on North's activities.

In response to specific questions, Ollie covered following points:

o contact with FDN and UNO aimed to foster viable, democratic political strategy for Nicaraguan opposition, gave no military advice, knew of no specific military operations.

o Singlaub - gave no advice, has had no contact in 20 months; Owen - never worked from CLN office, CLN had casual contact, never provided Owen guidance.

o threats/harassment - in response to question, OLN recounted incidents of harassment/threats prior to '85 vote and again prior to '86 vote, speculated that possibly due in part to active measures effort.

CC: MSJMF --CPUA MSOLN --CPUA
MCHAS --CPUA MSFWR --CPUA
MCFAR --CPUA MSJMF --CPUA JOHN M. POINDEXTER
MSDPP --CPUA ROBERT MCFARLANE

JMP 5/241 (22)

1 NPSCI interview of North
MSG FROM: MSJMF --CPUA TO: MSNDN --CPUA 08/11/86 19:01:42
To: MSNDN --CPUA

[redacted]

N 12581

(637)

(25)

EXHIBIT JMP-16

UNCLASSIFIED 339

Declassified/Released on 18 May 1995
under provisions of E.O. 12356
by S. Rozer, National Security Council

PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

[redacted]

September 12, 1985

MEMORANDUM FOR ALBERT D. WHEELON, ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: Allegations Concerning a Boland Amendment Violation by the National Security Council

Several weeks ago allegations were made that the activities of Lt.Col Oliver North, the NSC action officer for Central America, violated the Boland Amendment. We initiated an investigation of the matter. This memorandum addresses two critical issues. The threshold issue is whether the NSC is an organization subject to the Boland Amendment. Secondly, if the NSC is subject to the Boland Amendment, is there evidence that activities undertaken by LtCol North violated that law.

1. Is the National Security Council covered by Section 8066(a) of the Continuing Resolution?

In a letter to the Assistant to the President for National Security Affairs, Congressman Michael Barnes raised the issue whether the National Security Council (NSC) is covered by the Boland Amendment.[1] He cites Section 8066(a) as prohibiting "the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the U.S. involved in intelligence activities" from supporting military operations by the freedom fighters in Nicaragua. Barnes claims that the NSC is covered by the statute: "It would be stretching the integrity of the law to suggest that this prohibition was not intended to cover the NSC." As evidence Barnes cites Executive Order 12333 which he says "describes the National Security Council as the highest government entity with responsibility for intelligence activities."

Whether the Boland Amendment applies to the NSC turns on the clarification of the NSC as an "agency or entity of the United States involved in intelligence activities" prohibited

979

[1] Pub. L. No. 98-473, 98 STAT. 1935 (Section 8066(a) of the Continuing Resolution).

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[redacted]

[redacted] prohibiting the Nicaraguan democratic resistance [redacted] to added). On the face of it the NSC would appear to be an agency or entity of the United States covered by the amendment. The executive order cited by Congressman Barnes does refer to the NSC as "the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies programs."[2] [Emphasis added.]

However, in spite of the use of nearly identical language in both E.O. 12333 and the Boland Amendment, the question remains whether the legislation applies to the NSC. An examination of the language of the current law as well as its legislative history indicates that the NSC is not covered by the prohibition.

a) The NSC is not covered by the language of the legislative prohibitions:

On October 10, 1984 the Congress passed the Continuing Resolution which included Section 8066(a) prohibiting the obligation or expenditure of any funds available to the CIA, the Defense Department, "or any other agency or entity of the United States involved in intelligence activities" from supporting the Nicaraguan freedom fighters. On October 11, 1984 Section 8066(a) was incorporated by reference into the Intelligence Authorization Act for Fiscal Year 1985. It states that:

> Sec. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual, except to that extent provided and under ther terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.[3]

The funds that the Boland Amendment prohibits from being used to support the freedom fighters are funds that are authorized in this act. But according to the first section of that act the funds being authorized do not include funds allocated to the NSC. That section reads as follows:

> SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1985 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

---

[2] Exec. Order No. 12333, §1.2a; 3 C.F.R. 201 (1982).
[3] H. J. Res. 648 includes section 8066(a).

[redacted]

[redacted]

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

The most likely conclusion is that the Boland Amendment prohibition, as incorporated in the Intelligence Authorization Act for FY 1985, applies only to the organizations named, not to the NSC. This is not to say that the appropriations legislation could not have been intended to include more organizations than those included in the Intelligence Authorization Act. Because the latter legislation incorporated the language of the appropriations act, Section 8066(a) could have included a larger number of government entities than merely those intelligence agencies listed in the authorization act. However, nothing in the record indicates that other entities were included.

If the intent was to include the NSC, that could have been easily done: Congressman Boland authored Section 8066(a) of the Continuing Resolution and was Chairman of the House Permanent Select Committee on Intelligence which defined the organizations which would be controlled by the Intelligence Authorization Act. If he had wanted the NSC to be restricted by the legislation, the specific prohibition could have been written into the act or made clear in the legislative history. Indeed, in order to ensure that DoD was adequately covered by the Boland Amendment, it was incorporated into the Department of Defense Appropriations Act for FY 1985.[4] (Once again, however, the prohibition in the Defense Appropriations Act applies only to the expenditure of DoD funds and not to the NSC, as the NSC is covered by separate legislation.[5])

[4] Pub. L. No. 98-473, §8066(a); 98 STAT. 1935 (1984).
[5] See H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). Although the NSC is not subject to the Boland Amendment prohibition nevertheless LtCol North might be, as he evidently is on a non-reimbursed detail from the Marine Corps. (If North's detail is reimbursed, however, then Congressional prohibitions would not appl However, in order to demonstrate that North has violated the law, substantive evidence would have to be presented that he engaged in activities prohibited by the Amendment. That issue is dealt with in the second section of this memorandum.

[redacted] 10871

UNCLASSIFIED

b) The NSC is not considered part of the intelligence community by law or executive order.

The language in the Boland Amendment that refers to "any other agency or entity of the United States involved in intelligence activities" is defined and conditioned by the authorizing legislati

Implicit in the Intelligence Authorization Act's designation the "elements of the U.S. government" which conduct intelligence or intelligence related activities is the notion that these elements comprise the intelligence community. The NSC is not mentioned. (The language cited above is the same or similar to that employed in successive intelligence authorization acts dating from 1978 to the present.[6]).

In addition, the Executive Order 12333 does not recognize the NSC as part of the intelligence community. After discussing the intelligence community in general, the Executive Order identifi the agencies comprising the intelligence community as the Central Intelligence Agency, the Department of State, the Department of the Treasury, the Department of Defense (including the Defense Intelligence Agency, the National Security Agency, and intelligence elements of the Army, Navy, Air Force and Marine Corps), the Department of Energy, and the Federal Bureau of Investigation. In other words, E.O. 12333 identifies almost the same group of U.S. agencies as being in the intelligence community as does the Congress and neither list includes the NSC.

c) The NSC does not function as a member of the intelligence community.

If the letter of the law does not include the NSC as a member of the intelligence community, neither does the spirit of the law. The successive laws that were enacted first to limit and ultimately (as of the Continuing Resolution of October 10, 1984) to prohibit the expenditure of funds to support the freedom fighters were meant to constrain members of the intelligence community. Although the NSC is identified as the "highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence," it is not an operational unit and is therefore not a member of the intelligence community and is not treated as such. The function of the NSC is to provide coordination of intelligence activities, not implement policy in an operational setting. All of the NSC's duties listed in the Executive Order 12333 denote a staff organization responsible for coordination, not an operational unit with responsibilities for carrying out tactical intelligence missions:

[6] The acts are compiled in HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE, COMPILATION OF INTELLIGENCE LAWS AND RELATED LAWS AND EXECUTIVE ORDERS OF INTEREST TO THE NATIONAL INTELLIGENCE COMMUNITY, 98th Cong., 1st Sess. 95-123 (1983).

UNCLASSIFIED

(a) Purpose. The National Security Council (NSC) was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs. [Emphasis added.]

Other public statements that define the organization and function of the NSC support the idea that it is a coordinating body with no operational role. For example, the description given to it by the House of Representatives report on the appropriations bill for FY 1985 states that

> The statutory function of the NSC is to advise the President with respect to the integration of domestic, foreign, and defense policies related to the national security. Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives of the United States on matters of common interest to the departments and agencies of the Government; and to make such recommendations and such other reports to the President as it deems appropriate or as the President may require . . .
>
> The NSC Staff, the element funded by this budget request, is headed by the Executive Secretary, and provides day-to-day support for the President and his Assistant for National Security Affairs. It seeks to ensure that national security information provided to the President is responsive to his needs, and is properly coordinated among the departments and agencies within the Executive Office of the President. The Staff prepares the policy presentations; arranges meetings for the President and the Council on national security matters. [Emphasis added.][7]

[7] H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). See also the statement by the former Executive Secretary of the NSC concerning the coordinating function of the NSC in: TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1986: HEARINGS BEFORE A SUBCOMMITTEE OF THE HOUSE COMMITTEE ON APPROPRIATIONS, 99th Cong., 1st Sess. 15-16 (1985) (Testimony of Robert M. Kimmitt, Executive Secretary of the National Security Council). One other argument that has been made that the NSC is subject to the Section 8066(a) prohibition is that the National Security Act of 1947 specifically established the CIA "under the National Security Council" and provides that CIA duties shall be carried out "under the direction of the National Security Council." (Sec. 102(a) and (d).) However, once again the distinction must be made between the functions: the NSC is the highest coordinating body, the CIA is an operational entity in the intelligence community.

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The fact only preclude that executive acts of Congress as well as the Executive Order have not included the NSC in the Intelligence Community because it does not function as an operating unit. It is not by accident that the Intelligence Authorization Act for the last 7 years did not list the NSC as an organization conducting intelligence or intelligence related activities for which funds were being obligated. It was simply a recognition of the fundamental coordinating character of the NSC. It is a reasonable conclusion that the Boland Amendment was meant to apply to members of the intelligence community who carry out intelligence operations.

2. What Activities were Undertaken by the NSC?

Even if the NSC were covered by the prohibitions in the Boland Amendment, it appears that the law has not been violated by LtCol North. After reviewing NSC documents and interviewing North, the Board can report the following:

a) Contacts with the Contras: LtCol North had a considerable number of contacts with the leadership of the Nicaraguan democratic resistance both in Washington, D. C. and in Central America and elsewhere. However, we have seen no evidence that any of the contacts were illegal. North encouraged the leadership to get organized in a political sense so that they could present a united front in negotiations with the regime in Managua. This appears to be totally consonant with the stated policy preferences of Congress. It is also in keeping with the announced intention of the Nicaraguan opposition to start mediation as envisioned in the March 1, 1985 San Jose declaration.

He encouraged them to avoid atrocities and human rights violations. He gave them moral support during the period when U.S. support was halted and the administration was attempting to secure more funding for the freedom fighters. None of these activities violated the Boland Amendment.

b) Intelligence Gathering: During the time that LtCol North was in Central America and when he had contact with the Nicaraguan leadership in Washington, D. C. and elsewhere, he received information about conditions in Central America. It has never been suggested that the end of aid to the contras also meant an end to intelligence gathering. Previous legislation aimed at limiting U.S. support for the Nicaraguan freedom fighters explicitly stated that such limitations would not impede intelligence gathering,[8] and nothing in the public record on the current Boland Amendment suggests that it is intended to preclude such activities.

[8] See, e.g., H.R. REP. NO. 98-122, Pt 1, 98th Cong., 1st Sess. 14 (1983); and H.R. REP. NO. 98-122, Pt. 2, 98th Cong., 1st Sess. 3 (1983).

UNCLASSIFIED

c) Military Operations: There have been allegations that LtCol North was involved in rendering military advice for tactical operations in Nicaragua. There is no evidence to support that contention. A review of NSC records and an interview with LtCol North has yielded no information that would suggest that he was providing support for military or paramilitary operations inside Nicaragua.

d) Fundraising: Allegations have been made that LtCol North raised funds for the Nicaraguan Democratic Resistance. Again, although North had a great deal of contact with private U.S. groups and individuals who have been supportive of the administration's Central America policy, there is no evidence that he engaged in fundraising. Contact with such groups would be impossible to avoid considering the active role North played in formulating and promoting the President's program. It is well known that he has given many public addresses over the past two years. When asked how a group or individual could contribute to the cause of freedom in Central America, he gave advice as to whom to contact. But a review of the records, interviews with LtCol North and the observation of the Board's Counsel over the last year have produced no evidence that he solicited funds for the Nicaraguan freedom fighters.[9]

Conclusion: From the evidence we have seen none of LtCol North's activities during the past year constitutes a violation of the Boland Amendment even if the amendment applies to the NSC, which we believe it does not.

[9] We do not address the question whether LtCol North could legally have raised private funds for the Nicaraguan opposition. We note, however, that the Boland Amendment prohibits the use of public funds to support groups or individuals engaged in military or paramilitary operations in Nicaragua.

UNCLASSIFIED 105220

EXHIBIT JMP-17

To: ASAP* **CIA

#5

*** Reply to note of 08/31/85 13:26

1103

N 28724

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
Wrap Up as of 2030 EDT.
The Israelis will deliver 80 Mod HAWKS at noon on Friday 22 Nov. These 80 will be loaded aboard three chartered aircraft, owned by a proprietary which will take off at two hour intervals for Tabriz. The aircraft will file for overflight through the FIR enroute to Tabriz from Appropriate arrangements have been made with the proper air control personnel. Once the aircraft have been launched, their departure will be confirmed by who will call who will call The will direct in Beirut to collect the five rpt five Amcits from Hizballah and deliver them to the U.S. Embassy. There is also the possibility that they will hand over the French hostage who is very ill.
There is a requirement for 40 additional weaps of the same nomenclature for a total requirement of 120. $18M in payment for the first 80 has been deposited in the appropriate account. No acft will land in Tabriz until the AMCITS have been delivered to the embassy. The Iranians have also asked to order additional items in the future and have been told that they will be considered after this activity has succeeded. All transfer arrangements have been made by Dick Secord, who deserves a medal for his extraordinary short notice efforts.

Replenishment arrangements are being made through the MOD purchasing office in NYC. There is, to say the least, considerable anxiety that we will somehow delay on their plan to purchase 120 of these weapons in the next few days. IAW your instructions I have told their agent that we will sell them 120 items at a price that they can meet. I have further told them that we will make no effort to move on their purchase LOA request until we have all five AMCITS safely delivered. In short, the pressure is on them.

Tomorrow we will dispatch a covert hostage debrief team to Wiesbaden, under cover of an exercise.
EUCOM will be told to prepare a C-141 for four-hour alert to pick up any hostages who may be released over the weekend. All of the parties above will be told that we have info (from the same source which advised us of Wier's release) that some, if not all, AMCIT hostages will be turned over between now and Sunday.

As soon as we have the release confirmed, we need to move quickly with Defense to provide the 120 missiles the Israelis want to buy. They are very concerned that they are degrading their defense capability, and in view of the Syrian shoot-down yesterday the PM has placed considerable pressure on both Rabin and Kimche for very prompt replacement. Both called several times today.

There is the distinct possibility that at the end of the week we will have five Americans home and the promise of no future hostage takings in exchange for selling the Israelis 120 Mod HAWKs. Despite the difficulty of making all this fit inside a 96-hour window, it isn't that bad a deal --
Warm regards.

Recommend pass to RCM after review. North.

Declassified 4/Day/92
#13 Secord

EXHIBIT JMP-17

[redacted] WHITE HOUSE COMMUNICATIONS AGENCY PAGE 020

N 12090

Director, Chuck Briggs that the first briefing was even happening. I have talked
d at length to both Victoria and Allen and reviewed the whole issue today with t
em 06/07 and believe we will see a better performance tomorrow.
Control Services Rjlot
11/20/85 08:03:36

[redacted]

MSG FROM: DOOLD --CPOS TO: DOJOP --CPOS 11/20/85 09:10:36
TO: DOJOP --CPOS

*** Reply to note of 08/20/85 11:26

-- SECRET --

DATE FROM: OLIVER NORTH
Subject: PRIVATE ALLEN CONDO
UPDATE 85 07 09:20:
Rob Gubley is calling to D.C. to ask them to call
Iboir Dubourg in Beirut -- at least until
1st a.m. Before leaving Beirut. Per Bob's request, I called Reg B.
and passed the same request to him, citing info from the same source.
which had Document Sec'o release.

The Gemstile advised Tony Gemstone early this morning that under no
circumstances would they and asked why our position on this
issue had "weakened." He have a cable going back noting that our President
had effectively supported our policy and the Gemstile' s/ the fashion
and that the Gemstile' could well benefit from a similar exchange w/

Dick Secord called very early Ed to advise that the
s/ whom we have been working, told them that the PM

5 may 1987

a21

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FILE: PROF [redacted] AD WHITE HOUSE COMMUNICATIONS AGENCY

N 12092

[redacted]

Secord , and the charge continue to seek clearance for A/C from Israel which can load and proceed. Despite the difficulties of the past 24 hours, all continue to believe that if NCA can get there to that this can be done.

We continue to explore three options:

-- Charter a 400 A/C to pick up the cargo in Tel Aviv (TA) and deliver it to for xfer to the three Chartered DC-8s for the flight to Tabriz (T).

-- Fly the 3 chartered A/C direct to TA, p/u the cargo, fly to) refile for T from)

-- Fly the three chartered A/C directly to TA, load cargo, proceed directly to T w/o filing until airborne and in FIR.

All continue to believe (including Gaubis) that option one is only realistic solution. Other options compromise origins and risk eventual uncovering of many operational details. Gaubis urges that solution be found to better this overhead to protect hostages and those who will deliver them.

UPDATE AS OF 1010:

DCA contacted at 1730. has agreed to have A/C to TA load at). Dewey Rhe arranged for a proprietary to work for Secord (Copp). Copp will charter two 707s in the name of LAND Resources (per Soloo re.) and have them p/u the cargo and deliver it to at the cargo will be xferd to the three Israeli chartered DC-8/55s for the flight to T. Though I am sure Copp suspects, he does not know that the 707s belong to a proprietary. Clerridge deserves a medal - - we down Copp.

Gaubis (GB) has been told how actuated up his people are in planning something like this on such short notice. Not only was the 707 they planned to use a national airlines a/c, but they only had it chartered for 72hrs. We have now taken charge of that phase of the operation and are making direct contact to observe flight clearance for the three DC-8s chartered by GB's boys. If all goes as we now hope, the cargo will be in by noon (local) and enroute to T shortly after dark. That means we can expect handover (hopefully) Saturday night.

UPDATE AS OF 1900:
Unbelievable as it may seem, I have just talked to Schwimmer, in TA who advises that they have released their DC-8s in spite of my calls to GB instructing that they be put on hold until we could iron out the clearance problem in). Schwimmer released them to save $ and now does not think that they can be re-chartered before Sunday.

5 May 1987

(22?)

460

N 12093

PAGE 023

FROM: [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

SUBJECT AS OF 1930:
Enclosed Copy of Tech at p/u A/C. We have advised that we can use one of our E4B Bonanzas A/C which can at [redacted] to p/u a load of cans for DOD. He will have the A/C completed tonight and put into service all cans but so that we can at least get this thing moving. No help as I have never seen anything as screwed up in my life. Will meet w/ Colonel Conlin to advise that the cans will be delayed days late in arriving. [redacted] bad, this was to be our first direct flight to the maintenance field at [redacted] located Pisacagua. The cans are already palletized w/ parachutes attached. Maybe we can do it on Mode of Trans.
More as it becomes available. One hell of an operation.

[redacted]

[redacted] --CPSG 11/21/85 10:12 ooo

[redacted]

[redacted] TO: OSPG --CPSG 11/21/85 12:50:39
To: OSPG --CPSG

-- Subject --

DATE PROC: 0612SZ NOV85
Subject: Michael LoCoco
Forwarding note from OSDCS --CPSG 11/20/85 12:57 ooo
To: OSDCS --CPSG

ooo Reply to note of 11/21/85 11:20

-- Subject --

DATE PROC: 0602SZ NOV85
Subject: Michael LoCoco
Please tell Mike that I had an opportunity to talk to Jesse in Rome but still find a way. On further travel, please pass Mike's message to JCS. I see likelihood to think that we should bring this operation into the NSC and take Mike out of it but still await Jake's thoughts. No further communications to Mike on this until I have thought it through. Just tell him that I am thinking about it. Many thanks.

cc: DSMLF --CPSG JOHN H. POINDEXTER
: Michael LoCoco

5 May 1987

491

EXHIBIT JMP-18

The Director of Central Intelligence
Washington, D.C. 20505

86-4068M

UNCLASSIFIED

25 November 1985

1 0400

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Presidential Finding on Middle East

Pursuant to our conversation this should go to the President for his signature and should not be passed around in any hands below our level.

William J. Casey

Attachment:
As stated

CL BY 0003074
RVW OADR

[redacted]

529

EXHIBIT
JMP-18

Declassified on 1 May 1987
pursuant to E.O. 12356
by N. Pope, National Security Council

UNCLASSIFIED

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

0401

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign materiel and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages. All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

The White House
Washington, D.C.

Date: 7 May 1987

[redacted]

EP [illegible]
Of___3___Pg

EXHIBIT JMP-19

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ODSM 11/25/85

0930

• Notes - 1 to TEHRAN 2242

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EXHIBIT
JMP-19

UNCLASSIFIED

☒ Hostages

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EXHIBIT JMP-20

UNCLASSIFIED

Meeting with President 12/3/65

✠ Pres talked about multi-lateral force from OAS to use in Latin America.

DOM 12/5/65

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EXHIBIT
Jmp 20

UNCLASSIFIED

Elizabeth Priest 0930.

* - Dunn - Findley

000013

EXHIBIT JMP-21

From NSOLN --CPUA
To: NSJMP --CPUA

REC 14T 85
FBI
NOV 29 Mes 9908

••• Reply to note of 08/31/85 13:26

-- SECRET --

Copy is Receipt

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
Subject: Current Status of Operation Recovery: Following summary is based on discussions in Geneva among Kimche, Copp, Gorbanifahr and [redacted] which were concluded this weekend, subsequent discussions with Hendy Meron here in Washington which are continuing, and calls btwn Copp and Kimche's asset (Nimrodi) who is "baby sitting" the Iranians in Paris (where they are are receiving guidance from Tehran).

The attempted transfer [redacted] of 18 Hawk missiles went awry because the Iranians were in fact seeking a weapons system that would be capable of stopping Soviet reconnaissance flights along the Iranian/Soviet border and on the Iranian/Iraqi border. Gorba rptd that these flights occur regularly and as deep as 40mi inside Iranian airspace. Because Schwimmer and Ledeen were unfamiliar with the operational parameters of the HAWK, they agreed to ship 120 weapons that were totally inadequate to meet the reqts established by the Iranians. This delivery has created an atmosphere of extraordinary distrust on the part of the Iranians; in Kimche's view, because the credibility of the Gorba [redacted] mission has probably been seriously called into question.

Despite this perception (Gorba said numerous times that this whole thing was a "cheating game" on the part of the Israelis), Copp & Kimche have been able to proceed with a renewed dialogue which still promises hope for achieving our three objectives:
-- support for a pragmatic - army oriented faction which could take over in a change of government
-- return of the five AMCIT hostages
-- no more terrorism directed against U.S. personnel or interests.

EXHIBIT JMP-21

From these ongoing discussions, which in two cases included Iranian military officers, Copp and Kimche conclude that the military situation in Iran is desperate. The Iranian descriptions of the state of their equipment, lack of competent management, inability to use much of the remaining U.S. materiel portends the real possibility of a military collapse (at least by the Army) in the near to mid-term. Thus, there is considerable pressure on the interlocutors in Europe to produce - quickly.

Given the relatively low level of competence on the part of the Iranians in Europe, and the fact that any supplies delivered will undoubtedly have to be examined by an Army or Air Force officer, it is very doubtful that a "single transaction" arrangement can be worked out with the parties in Tehran, no matter what is agreed to in Europe. In short, they have been "scammed" so many times in the past that the attitude of distrust is very high on their part. At the same time, in all discussions (including today's phone calls) they are desperate to conclude some kind of arrangement in the next 10 days and have even asked that the meeting scheduled for Saturday in London be advanced. Based on what we can conclude from intelligence in Beirut, we believe that they are very concerned that the hostages (the only Iranian leverage point besides the Jews in Iran) may be killed or captured/released by the Syrians, Druze, Phalange or Amal in the near future. Waite's contacts with the captors seems to corroborate this assessment. In short,

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Finally, there is the matter of the longer term strategy for us. We should be attempting to accomplish vis a vis the Iran-Iraq war and a more reasonable government in Iran. From my personal discussions with Kimche and Meron it is apparent the the Israelis want: the war to continue at a stalemate, a more moderate Iranian government in the end and will somehow find a way to continue getting their people (Jews) out of Iran through some kind of barter arrangement. In that the first two of their goals are, it would seem, generally congruent w/ our interests, and their last a fact of life, we should probably be seeing the return of the AMCIT hostages as a subsidiary benefit -- not the primary objective, though it may be a part of the necessary first steps in achieving the broader objectives. While Kimche, Meron, Copp and I all agree that there is a high degree of risk in pursuing the course we have started, we are now so far down the road that stopping what has been started could have even more serious repercussions. We all view the next steps as "confidence building" on the part of both sides. None of us have any illusions about the cast of characters we are dealing with on the other side. They are a primitive, unsophisticated group who are extraordinarily distrustful of the West in general and the Israelis/U.S. in particular. They have not the slightest idea of what is going on in our government or how our system works. Today for example, Gorba called Copp in absolute confusion over the fact that Rafsanjani had just received a letter from (of all people) Sen. Helms regarding the American Hostages. Since the Iranians are adamant that they not be publicly connected with the seizure, holding or release of the AMCITs, why, Gorba wanted to know, was Helms being brought into this "solution to the puzzle." Gorba reiterated that "Cairi ought to have more control over the members of his parliment" than to allow them to confuse an already difficult problem. Dick told him the letter had nothing to do with what we are about, but Gorba did not seem convinced that this wasn't some sort of effort to embarass Iran. 9909

Given this very unsophisticated view of things on their part and the distrust that the Iranians obviously feel, we believe that if we stop the current effort at this point and do not at least proceed with a "test" of the current relationship we:

-- run the risk of never being able to establish a "foothold" for the longer term goals in that the people we are dealing with will be totally discredited at home; and
-- incur the greater likelihood of reprisals against us for "leading them on." These reprisals could take the form of additional hostage seizures, execution of some/all of those now held, or both.

While the threat to carry out sanctions against us has not, to my knowledge, ever arisen (it certainly has not since Kimche/Copp/North have been directly engaged -- and Michael never mentioned it), it is interesting to note that when Copp questioned the bona fides of Gorba and his cohorts as capable of delivering on their end of the arrangement, Gorba carefully noted that since these discussions began w/ Michael & Schwimmer, there has not been a single Islamic Jihad bomb threat, hijacking or kidnapping -- and that there would be none if this "worked." O.K., Copp and I regard this to be at least one sign of confidence that this activity may yet prosper. There are some lesser indications of confidence in recent days:

-- in response to Copp's demand for funds to be deposited in advance to defray operational costs, and what the Iranians were told were "purchases" on the arms market" a total of $41M has been deposited;
-- the 18 HAWKs delivered last week have been repackaged and are ready for return to origin on the next available flight;
-- the parties in Europe continue to stress that their requirements are long-term and that they are anxious to get on with a longer range program

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sophisticated hardware which is critically needed but deadlined (in this regard Gorbe at one point noted that at times they have as few as 50 operational tanks and less than a dozen flyable aircraft).

N 9910

With all of the above as a lengthy preamble describing two nearly frantic weeks w/ the Israelis & Iranians, the following proposal has evolved which the Iranians today said they wd like to discuss in detail on Saturday:

-- The total "package" from the Israelis wd consist of 50 I HAWKs w/ PIP (product improvement package) and 3300 basic TOWs.

-- Deliveries wd commence on or about 12 December as follows:

H-hr:	1 707 w/300 TOWs = 1 AMCIT	
H+10hrs:	1 707 (same A/C) w/300 TOWs = 1 AMCIT	
H+10hrs:	1 747 w/50 HAWKs & 400 TOWs = 2 AMCITs	
H+20hrs:	1 707 w/300 TOWs = 1 AMCIT	
H+24hrs:	1 747 w/2000 TOWs = French Hostage	3300

All involved on our side recognize that this does not meet one of the basic criteria established at the opening of this venture: a single transaction which wd be preceded by a release of the hostages. However, given the points above regarding the mutual distrust in the dialogue, we all believe it is about the only way we can get the overall process moving. Measures have been taken to reduce the chance for duplicity on the part of the Iranians and to preserve a measure of OPSEC in carrying out the transaction. In the case of a double cross, one of the Iranians will [redacted] be in the hands of assets we control throughout. One of them [redacted] has already suffered a serious (though apparently not fatal) heart attack after last week's HAWK transaction failed to produce results. The first two deliveries, via 707 freighters are relatively small and if they do not produce the desired outcomes, all else stops. All 6 are now under our control.

OpSEC concerns are threefold: communications, deliveries enroute to Iran and replenishment of the Israeli stocks. To solve the first problem an OPs Code is now in use by all parties. This code is similar to the one used to oversee deliveries to the Nicaraguan Resistance and has never been compromised. The delivery/flight planning security problem has been solved by a much more deliberate selection of aircraft and aircrews as well as a series of transient airfields which can be used enroute to the field controlled by the Iranian Army at Tabriz. Appropriate arrangements have also been made to ensure that the overflight of [redacted]is not challenged. All A/C will be inspected by one of the Iranians at a transient location between Tel Aviv and Tabriz. Before the A/C actually crosses into Iranian airspace, the appropriate release(s) must occur. The last OPSEC concern, that of replenishing Israeli stocks, is probably the most delicate issue. The quantity of TOWs requested represents [redacted] Meron and I are working w/ the Israeli purchasing office in NYC to ensure that the replenishment can be accomplished quickly after December 12 as possible. All recognize that quantities [redacted] degrade Israeli readiness and that the items will need to be dispatched quickly in order to preclude disaffection and leaks. Meron has solved at least one of the problems in this regard by identifying a means of transferring the required cash to an IDF account which will allow cash (rather than FMS credit) purchases from the U.S.

In order to put this plan into action, Kimche, Copp, Schwimmer and Goode plan to meet in London on Saturday morning to review all arrangements. If

we are satisfied that all our assets (money, aircraft, aircrews, transit facilities, overflight arrangements and military equipment) are prepared, Copp and Kimche will meet at another hotel with Gorbe and [redacted] to finalize the plan. Our side will then reconvene later in the evening at our hotel to review any last minute changes. I wd then call you (using the Ops code), transmit the agreed upon arrangements for approval and, if you concur, Kimche & Copp will meet again w/ the Iranians on Sunday a.m. to express our agreement with the plan. Copp & Goode wd return to the U.S. Sunday p.m. on separate flights. On the 11th, the day before the plan is to be executed, Copp will establish a CP in [redacted] at the [redacted] controlled airfield [redacted] where he can monitor implementation and stop it at any point we desire. The secondary fields [redacted] will be covered by Copp controlled assets who are not witting of the true origin, destination or contents of the A/C but who can "fix" things in a hurry if something goes wrong. One of our other people will be in contact in [redacted] throughout.

N 9911

[redacted]

Once in hand, the hostages will be flown [redacted] to Larnaca on our Navy HH-53 where they will be picked up by a EUCOM C-141 and flown to Wiesbaden for debriefing. 10hrs later Oakley will proceed from Andrews AFB to Wiesbaded with family members -- thus allowing us 24 uninterrupted hours for debriefing. The debrief team will be staged at Wiesbaden 12 hours in advance, just as we did two weeks ago without notariety. Dewey is the only other person fully witting of this entire plan. Copp is not briefed on [redacted] though he suspects. The Israelis are in the same position. Dewey and I have been through the whole concept twice looking for holes and can find little that can be done to improve it given the "trust factor" with the Iranians. In that all parties involved have great interest in keeping this as quiet as possible [redacted] we beleive it to be worth the risk. I have not confided in Dewey re the longer term goals we could/should hope to achieve. Thus, the only parties fully aware of all dimensions of what we are about are you and RCM.

I have given careful consideration to what you suggested re an RCM meeting with the Iranians in an effort to obtain release of the hostages before starting on an effort to undo the present regiems in Tehran. Like you and Bud, I find the idea of bartering over the lives of these poor men repugnant. Nonetheless, I believe that we are, at this point, barring unforseen developments in London or Tel Aviv, too far along with the Iranians to risk turning back now. If we do not at least make one more try at this point, we stand a good chance of condemning some or all to death and a renewed wave of Islamic Jihad terrorism. While the risks of proceeding are significant, the risks of not trying one last time are even greater.

END OF NOTE

L23 C30

From: NSOLN --CPUA
To: NSJMP --CPUA

Date and time 12/04/85 02:02:55

••• Reply to note of 08/31/85 13:26

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
Subject: Current Status of Operation Recovery: Following summary is

EXHIBIT JMP-22

UNCLASSIFIED

N 28746

NATIONAL SECURITY COUNCIL

December 9, 1985

MEMO FOR ROBERT C. MCFARLANE
JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

Attached are our plans to date.

EYES ONLY

8 May 1987

598

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EXHIBIT JMP-22

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TOP SECRET

December 9, 1985
N 28747

NEXT STEPS

The meetings this weekend with the Israelis and Gorbanifahr were inconclusive. Gorbanifahr refused to return to Geneva with our message that no further deliveries would be undertaken until all the hostages were released. Gorbanifahr and the Israelis both believe that if he were to pass such a message to the Iranian Prime Minister or [redacted] (who provides funds for items delivered) -- one of more of the hostages would be executed. Gorbanifahr noted that nine Hizballah leaders had been summoned to Tehran on Friday and that, given the pressures inside Lebanon, all it would take for the hostages to be killed would be for Tehran to "stop saying no."

Much of what we decide to do in the days ahead depends upon whether or not we can trust Gorbanifahr. The Israelis believe him to be genuine. Gorbanifahr's earlier game plan delivered Reverend Weir. He has proposed that we "deliver something" so that he can retain credibility with the regime in Tehran. He even suggested that the weapons delivered be useful only to the Army or Air Force (not the Revolutionary Guards) and that they be "technically disabled." He urged that, if improved HAWKs were not feasible, to at least keep the door open by some kind of delivery between now and the end of the week. He said we must recognize that if TOWs are provided that they will probably go to the Revolutionary Guards.

The Israelis have willingly consented to "kick-back" arrangement which allows Israeli control over Gorbanifahr and [redacted] Israel believes strongly in using any means to bridge into Iran. Their last three governments over a four year period have been consistent in this theme.

Whether we trust Gorbanifahr or not, he is irrefutably the deepest penetration we have yet achieved into the current Iranian Government. There is nothing in any [redacted] which contradicts what he has told us or the Israelis over the past several months. Much of our ability to influence the course of events in achieving a more moderate Iranian Government depends on the validity of what Gorbanifahr has told us -- and his credibility as one who can "deliver" on what the Iranians need. While it is possible that Gorbanifahr is doubling us or simply lining his own pockets, we have relatively little to lose in meeting his proposal; i.e., the Israelis start delivering TOWs and no hostages are recovered. On the other hand, a supply operation now could very well trigger results he claims.

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Declassify: OADR

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02

Declassified/Released on [illegible]
under provisions of E.O. 12356
by S. Tilger, National Security Council

~~TOP SECRET~~ 2

N 28748

The current situation is one in which information is incomplete, the motivation of the various participants uncertain, and our operational control tenuous in that we have had to deal exclusively through the Israelis. The near term risk to the hostages has undoubtedly been increased by Iranian "expectations" arising from earlier decisions to proceed with deliveries and by the increasing pressure against Hizballah in Lebanon.

[redacted]

Our greatest liability throughout has been lack of operational control over transactions with Gorbanifahr. The Israeli contact, Schwimmer, has arranged deliveries of items which were not requested by Gorbanifahr for the Iranian military. Further, the terms which he negotiated are disadvantageous to the IDF and our ability to replenish the Israelis. It was apparent, during the meeting with McFarlane, that Gorbanifahr preferred to deliver only items useful to the Iranian military -- not the Revolutionar Guard. Despite admonishments to the contrary, Schwimmer had already arranged for the 3,300 TOWs as part of the next steps.

Schwimmer's arrangements would have exchanged the 3,300 TOWs for three hostages at a price which would not allow the IDF to recoup expenses, thus complicating our ability to replenish IDF stores. In short, most of the problems with this endeavor have arisen because we have been unable to exercise operational control over arrangements or their expected outcome. For example, at the meeting with McFarlane we learned for the first time that the Iranians want desperately to return the 18 basic HAWK missiles which are still in Tehran. All agree that we should only do so if the in-bound aircraft has something aboard which the Iranians want. At the end of the meeting it was agreed that we would "get back" to Gorbanifahr quickly as to our next steps. He departed for Geneva to brief [redacted] to the effect that "technical difficulties remain to be overcome before further deliveries can be scheduled."

The question which now must be asked is should we take a relatively small risk by allowing (encouraging) a small Israeli-originated delivery of TOWs and hope for the best or should we do nothing? If such a delivery were to take place, we would have to plan to replenish the Israeli stocks on a "routine" basis to avoid drawing attention.

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28749

If we are to prevent the death or more of the hostages in the near future, we appear to have four options available:

- Accept Gorbanifahr/Schwimmer's game plan:
  - -- Stretch and replenishment to Israel over several months making it routine.
  - -- 1,100 TOWs are maximum risk materially. Cost and cover can be maintained by selling from stock to Israel over time.
  - -- If hostages are recovered disclosure doesn't hurt much.
- [redacted]
- Allow the Israelis to deliver 400-500 TOWs while picking up 18 HAWKs in effort to show good faith to both factions in Iran:
  - -- This could cause Iran to deliver a hostage as sign of cooperation. It will also serve to boost Gorbanifahr's reputation.
  - -- Israel could do this unilaterally and seek routine replacements.
  - -- This gives U.S. more breathing time (maybe!).
- Do nothing:
  - -- Very dangerous since U.S. has, in fact, pursued earlier Presidential decision to play along with Gorbanifahr's plan. U.S. reversal now in mid-stream could ignite Iranian fire -- hostages would be our minimum losses.

There is a fifth option which has not yet been discussed. We could, with an appropriate covert action Finding, commence deliveries ourselves, using Secord as our conduit to control Gorbanifahr and delivery operations. This proposal has considerable merit in that we will reduce our vulnerabilities in the replenishment of Israeli stocks and can provide items like the Improved HAWK (PIP II) which the Iranian Air Force wants and the Israelis do not have. Finally, Secord can arrange for third country nationals to conduct a survey of ground and air military requirements which is what Gorbanifahr has been attempting to obtain from the Israelis for nearly three months.

TOP SECRET

UNCLASSIFIED N 28750

[redacted]

December 5, 1985

SPECIAL PROJECT RE IRAN

Background: Several months ago, one of the agents engaged in shipping materiel to the Nicaraguan resistance noted the presence of U.S. military stocks in a [redacted] warehouse. Inquiries indicated that the military materiel was of Israeli origin being shipped by a private company for sale to Iran. When we approached a high-level Israeli official with this knowledge, we were advised that the GOI was not "technically violating" the U.S. ban on shipments to Iran in that the sales were being undertaken by a non-governmental entity [redacted] We were told that each aircraft that delivered arms to Iran, returned to Israel [redacted]

In discussing the matter with the Israelis, they indicated that their objectives in "permitting" this activity were threefold:

-- Use the arms sales to build the credibility of moderate elements in the Iranian army in hopes that they would become sufficiently powerful to establish a more reasonable government in Tehran.

-- Deliver sufficient military materiel to ensure that the Iranian military does not collapse under the pressure of an increasingly effective Iraqi military effort.

[redacted]

In early September, in order that we not take action to terminate the arms sales, the Israelis proposed that this process be used as leverage to recover the American citizens held hostage in Lebanon. It was decided to test the validity of this proposal and on September 14, the Israelis, using chartered aircraft, delivered 500 TOW missiles to Tabriz, Iran. Prior to commencing this operation, we committed to the Israelis that we would sell them replacements for the items they had sold and delivered to Iran. Two days later Reverend Benjamin Weir was released.

[redacted] Declassify: OADR

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02:

~~TOP SECRET~~ UNCLASSIFIED N 28751

Current Situation: The Iranians have significant interest in continuing this process. They are under extraordinary military pressure from Iraq and are, by their own admission, subject to regular overflights of Iranian territory by Soviet aircraft. They currently have no capability to deal with this affront and find themselves in an increasingly desperate situation vis-a-vis Iraq. They have urged the Israelis, with whom they are in contact, to continue the process which resulted in the release of Benjamin Weir.

Our continuing efforts to achieve release of the hostages through diplomatic and other means have proven fruitless. There are numerous indications including reports from the special representative of the Archbishop of Canterbury, Terry Waite, that time is running out for the hostages. We are relatively confident of information that former Beirut Chief of Station, Bill Buckley is dead.

[redacted]

The Iranians, who have been in contact with the Israelis, are cognizant of the pressure being placed on their Hizballah surrogates in Lebanon and that it is entirely likely that the only leverage they will have over us (the hostages) may no longer be available in the near future. These Iranians, the same that arranged the release of Weir, have now proposed that in exchange for an immediate delivery of 3,300 TOW missiles and 50 Improved HAWK Surface-to-Air missiles from Israel, they will guarantee:

-- The release of the five Americans and one of the French hostages still being held.

-- No further acts Shia fundamentalist terrorism (hijackings; bombings, kidnappings) directed against U.S. property or personnel.

There is considerable reason not to accept this proposal. It is contrary to our stated policy of not making concessions to terrorists or those who sponsor them. It is also possible that such an arrangement is a "double-cross" in that the Iranians can not or will not release the captives as agreed. Such an arrangement, bartering for the lives of innocent human beings, is repugnant. Finally, the quantities which the Iranians wish to purchase will significantly degrade Israeli stockpiles and require very prompt replenishment.

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TOP SECRET UNCLASSIFIED

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U.S. Interests: Notwithstanding the undesirable nature of such a transaction, it must be noted that the first two Israeli objectives are congruent with our own interests:

-- A more moderate Iranian government is essential to stability in the Persian Gulf and MidEast.

-- Such a change of government in Iran is most likely to come about as a consequence of a credible military establishment which is able to withstand the Iraqi onslought and deter Soviet adventurism/intimidation. The Iranian army (not the Revolutionary Guards) must be capable of at least stalemating the war.

-- Shia fundamentalist terrorism is a serious threat to the United States which has long-term adverse consequences for our interests and we must endeavor to stop its spread.

-- The return of the American hostages will relieve a major domestic and international liability -- in addition to its obvious humanitarian aspect.

The first three of these goals may well be achievable -- and the fourth accrued as a subsidiary benefit -- by commencing the process of allowing the Israeli sales as proposed by the Iranian agents in Europe. It is unlikely, however, that we can proceed further toward the first three -- and not at all on the hostage release unless we allow the process of delivery to begin.

Discussions toward this end have been proceeding among the Israelis, Iranians and a U.S. businessman acting privately on behalf of the USG for nearly three weeks. There are several indications of confidence that an arrangement can be consummated in the next 10 days which would result in the release of the hostages and commencement of a process leading toward the first three objectives above. The military situation in the Iran/Iraq war and the increasing pressure on the Hizballah in Lebanon both point toward immediate action. There is also, as the Iranian intermediaries pointedly noted last week, a complete absence of any Shia fundamentalist hijackings, assassinations, hostage seizures, or bombings since this dialogue began in September. While there have not been expressed or implied threats by the Iranians in these discussions, the Israeli and U.S. private citizen participants believe that if the current effort is not at least tried, we run the risk of abandoning both the longer term goals and the likelihood of reprisals against us for "leading them on." These reprisals would probably take the form of additional hostage seizures, execution of some/all those now held, or both.

~~TOP SECRET~~ TOP SECRET 0.31

Next Steps: The Iranians, the Israelis, and our U.S. businessman plan to meet in London on Saturday, December 6 to discuss whether or not to proceed with the sale of the TOWs and HAWKs. The Israeli government has informally told us that if they can be assured of "prompt" resupply, they will sell the quantities requested from their prepositioned war reserve. 3,300 TOWs represents approximately half their available supplies.

The U.S. businessman has arranged for the charter of two non-U.S. registered aircraft for use in the deliveries. The total delivery would be conducted in 5 flights from Tel Aviv to Tabriz, Iran via interim airfields in Europe prior [redacted] Each delivery is to result in the release of a specified number of hostages. Arrangements for the interim airfields, overflight rights, and flight plans have been made, some with the help of the CIA. A communications code to preserve operational security is available for use by all parties. All aircraft would be inspected by an Iranian at one of the transient locations between Tel Aviv and Tabriz. The entire evolution is designed to be completed in a 24 hour period. It can be stopped at any point if the Iranians fail to deliver.

The greatest operational security concern is that of replenishing Israeli stocks. The Israelis have identified a means of transferring the Iranian provided funds to an Israeli Defense Force (IDF) account, which will be used for purchasing items not necessarily covered by FMS. They will have to purchase the replenishment items from the U.S. in FMS transaction from U.S. stocks. Both the number of weapons and the size of the cash transfer could draw attention. If a single transaction is more than $14.9 M, we would normally have to notify Congress. The Israelis are prepared to justify the large quantity and urgency based on damage caused to the equipment in storage.

[redacted]

If this process achieves the release of the hostages and proves the credibility of the Iranian contacts in Europe, Bud McFarlane would then step in to supervise achieving the longer range goals. Additional meetings with the Iranians would be arranged to further our objectives without requiring such large scale sales/deliveries by the Israelis.

Approval is now required for us to take the next steps on Saturday. After carefully considering the liabilities inherent in this plan, it would appear that we must make one last try or we will risk condemning some or all of the hostages to death and undergoing a renewed wave of Islamic Jihad terrorism. While the risks of proceeding are significant, the risks of not trying are even greater.

~~TOP SECRET~~ ~~TOP SECRET~~ 034

EXHIBIT JMP-23

UNCLASSIFIED

Talk to President

- Mil proposal 1/2/86
  - Gen sent him
  - Perm + Robin plus mil aides
  - Believe our interests in the Caribbean - [redacted]
  - Wants to help [redacted]
  - accept some risks
  - Have
    - Mid-level - US not involved
    - [redacted]

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EXHIBIT
JMP-23

UNCLASSIFIED

- At same time Israel to Iran
  - 4000 unguided TOW (not launchers)
  - 500 via Israeli 707 ⇒ release of all 5
  - 3500 follow-up
  - Confirm agreement for no more hostages & terror
  - Result of double-cross
  - Longer term possibilities

- Israeli Risk
  - Revelation before the fact
  - Revelation after the fact
  - Double cross - ~~out~~ 500 TOWS

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- Note from US
  - If discovered and how to acknowledge ⇒ US was aware and didn't object for long term reasons (or ignorance of other reasons
  - Still replacements to 4500
    - ASAP - Could be before due to Syria threat
    - PREPOS ASAP with regular steady replacement
    - 1/3 of war reserve
    - If not get 5, then no commitment.

DIFFERENCES
- Better & more effective cover plan
- No risks to US if don't get 5
- Only 500 at risk for Israel
- PREPOS possibility

VIEWS AS TEST OF INTENTIONS.

COVERT FINDING
- already prepared for 500.

000022

[redacted]

EXHIBIT JMP-24

TO [redacted]

THE WHITE HOUSE

WASHINGTON

SYSTEM II
NSC/ICS-40011

UNCLASSIFIED

N 1323

[redacted]

ACTION

EXHIBIT
HR-JMP-24

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Covert Action Finding regarding Iran

This week, Prime Minister Peres of Israel secretly dispatched his special advisor on terrorism with instructions to propose a plan by which Israel, with limited assistance from the U.S., can act to bring about a more moderate government in Iran. The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel. They believe it is essential that they act to at least preserve a balance of power in the region.

The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention. To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions. It is their belief that by so doing they can achieve a heretofore unobtainable penetration of the Iranian governing heirarchy. The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long-term changes in personnel and attitudes within the Iranian government. Further, once the exchange relationship has commenced, a dependency would be established on those who are providing the requisite resources, thus allowing the providor(s) to coercively influence near-term events. Such an outcome is consistent with our policy objectives and would present significant advantages for U.S. national interests.

As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. A Presidential Covert Action Finding is required in order for us to allow the Israeli transfers to proceed, for our subsequent replenishment sales to Israel, or for other assistance which may be deemed appropriate (e.g., intelligence)

(528)

[redacted]

[redacted]

Declassify on: OADR

Declassified/Released on 7 May 1987
under provisions of E.O. 12356

UNCLASSIFIED [redacted] N 1324

[redacted] 2 [redacted]

The Covert Action Finding attached at Tab A provides the latitude for the transactions indicated above to proceed. If this Finding is signed, we would not interfere when the Israelis unilaterally commence sales and deliveries of TOW missiles during January, 1986. The Finding also authorizes U.S. sales of basic TOWs to Israel when they submit purchase orders for replenishing their own stocks. The Iranians have indicated an immediate requirement for 4,000 basic TOW weapons for use in the launchers they already hold. We would be expected to replace the Israeli stocks in less than 30 days. 4,000 missiles represent 1/3 of all available TOWs in Israel.

The Israelis are sensitive to a strong U.S. desire to free our Beirut hostages and have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans. Both sides have agreed that the hostages will be immediately released upon commencement of this action. Prime Minister Peres had his emissary pointedly note that they well understand our position on not making concessions to terrorists. They also point out, however, that terrorist groups, movements, and organizations are significantly easier to influence through governments than they are by direct approach. In that we have been unable to exercise any suasion over Hizballah during the course of nearly two years of kidnappings, this approach through the government of Iran may well be our only way to achieve the release of the Americans held in Beirut. It must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property, or interests.

The Israelis have asked for our urgent response to this proposal so that they can plan accordingly. They note that conditions inside both Iran and Lebanon are highly violatile and that the current crisis in the Middle East provides a rationale for a significant Israeli purchase of TOWs and expedited delivery on our part. The Israelis are cognizant that this entire operation will be terminated if the Iranians abandon their goal of moderating their government or allow further acts of terrorism. In order to provide an answer to Prime Minister Peres, the Finding at Tab A should be discussed with Secretaries Shultz and Weinberger, Director Casey, and Attorney General Meese. If, based on their input, you decide to proceed, the Finding should be signed. Because of the extreme sensitivity of this project, it is recommended that you exercise your constitutional perogative to withhold notification of the Finding to the Congressional oversight committees until such time that you deem it to be appropriate.

[redacted]

[redacted]

Partially Declassified/Released on 9 May
under provisions of E.O. 12958

[redacted] UNCLASSIFIED N 1325 [redacted]

Recommendation

OK **NO**

___ ___ That you agree to meet with Secretaries Shultz and Weinberger, Director Casey, and Attorney General Meese on this matter as soon as possible.

Prepared by:
Oliver L. North

Attachment
Tab A - Covert Action Finding

[redacted]

Partially Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by R. Burger, National Security Council

[redacted] [redacted]

[redacted]

UNCLASSIFIED

N 1326

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counterintelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date: 6 January 1986

~~TOP SECRET~~ OGCR TS 0801-86
copy 1

[redacted]

EXHIBIT JMP-24A

UNCLASSIFIED

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

#7111 110

N 23723

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counterintelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

EXHIBIT JMP-24A

The White House
Washington, D.C.
Date: 6 January 1986

TOP SECRET

OGCR TS 0801-86
copy 1

Ronald Reagan

[redacted]

002

Declassified/Released on 8 May 1987

EXHIBIT JMP-25

To: NSJMP

UNCLASSIFIED

1173

N 28732

See Reply to note of 08/31/85 13:26

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
IAW yr direction, met w/ Casey last night after W'bgr speech @ Ft.McNair. Casey then tried to contact Cap but he had already departed. Casey has called urging that you convene a mtg w/ he and Cap ASAP so that we can move on. Casey's view is that Cap will continue to create roadblocks

Partially Declassified/Released on 6/24/1987
under provisions of E.O. 12356
by S. Reger, National Security Council

1708

UNCLASSIFIED

EXHIBIT JMP-25

011

Date and time 08/31/85 13:31:26

To: NSJMP ...PDA

--- Reply to note of 08/31/85 13:26

1171

N 28733

~~SECRET~~ UNCLASSIFIED

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
Continuation of last note (hit SEND when I meant to hit ADD LINES) ...
Casey believes that Cap will continue to create roadblocks until he is told by you that the President wants this to move NOW and that Cap will have to make it work. Casey points out that we have now gone through three different methodologies in an effort to satisfy Cap's concerns and that no matter what we do there is always a new objection. As far as Casey is concerned our earlier method of having Copp deal directly with the DoD as a purchasing agent was fine. He did not see any particular problem w/ making Copp an agent for the CIA in this endeavor but he is concerned that Cap will find some new objection unless he is told to proceed. Colin Powell, who sat next to me during Cap's speech asked the following questions (my answers are indicated):
Q. Does Copp deal w/ Iranians or Israelis?
A. With the Israelis.

[redacted]

Q. What cost are the Israelis willing to pay for the basic TOWS?
A. They (thru Copp) have funds to pay Fair Market Value (FMV should be about $4900-3400 ea. depending on age) and to cover the cost of transportation. They do not have enough to pay for I TOW (about $9500 ea or TOW II ((about $15000 ea.). We have frequently sold the Israelis weaps/materiel at FMV vice the replacement cost to the U.S. Since we have over 100K of the basic TOW in our inventory and cannot even use it in training due to its age, we ought to look at this as an opportunity to collect on a weapon which we aren't using (all are in PWR according to Koch) and will eventually have to dispose of because we cannot sell them off otherwise. (I'm told that Hughes Acft, the mfgr. has an agreement w/ DoD that all normal FMS transactions will be handled as a producer sale in order to keep DoD fm undercutting the production line by selling off old stocks).

The most recent proposal (Copp as agent for the CIA and sales to the Israelis who then deliver weaps to the Iranians) can only work if we can get the Israelis to come up on their price. I have been unable to contact MIR who is in Europe for a meeting [redacted] He still does not know that we are aware that the Iranians have offered $10K per TOW. He has however left a message that we must have a go/no go decision today and that conditions in Iran continue to deteriorate.

[redacted]

Declassified/Released on 22 June 1987 under provisions of E.O. 12356 by S. Rager, National Security Council

UNCLASSIFIED

(1239)

01.1

EXHIBIT JMP-26

From: NSOLN --CPUA Date and time 01/13/86 15:41:44
To: NRGMP --CPUA

*** Reply to note of 08/31/85 13:26 UNCLASSIFIED 1173
N 28734

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
I have just talked to MIR and told him about what had been learned from Gorba re finances, etc. Mir believes that Gorba does indeed have at least $10,000 per Tow available and that Gorba probably lied to Schraemer and that Schraemer probably lied to Mir re how much there was available. Mir is fully prepared to proceed any way we wish but noted that time is rapidly running out. [redacted]

Partially Declassified/Released on 6 Jan 1987
under provisions of E.O. 12356
by D. Reger, White House Security Council

1709

UNCLASSIFIED

EXHIBIT JMP-26

01

From [redacted]
To: NSPMF --CPUA

*** Reply to note of 08/31/83 13:28

-- SECRET --

N 28736

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK

Per instructions, I called RCM Re understandings on the original 504 TOWs shipped by Israel to Iran. As I understand it, there was a USG committment to SELL, over time, replacements to the Israelis for what they sent for Weir. We DO, according to RCM have a committment to make this SALE. We did NOT have any agreement on prices or ultimate dates, though it was understood by both sides that the transaction wd be concluded promptly.

As I understand the current problem w/ the purchase of the 504:

-- The Israelis received funds adequate to purchase only the basic TOW. Whether this is because Schwimmer pocketed the rest or whether there was a kick-back to [redacted] neither Nir nor I know. Gorba told me that he had paid $10000 apiece for these weaps and pocketed $500 for each one delivered.

-- When the Israeli purchasing office in NYC, following their normal procedures, made inquiries w/ the Army Materiel Command (AMC) on the availability and price of basic TOWs, the AMC immediately began to question why the IDF wanted to revert to the basic model which was no longer in production and the IDF has already begun purchases of the I TOW for their inventory upgrade. AMC noted that there was an "understanding" with the Mfgr not to compete w/ the production line by selling the older weaps fm army stocks and that selling fm Army stocks wd be the only source available for the basic TOW. At this point, the purchasing office terminated the inquiry since they believed that the pruchase wd raise so many questions that it wd leak and complicate further action which, by then, was in the planning stages. The Israelis have made no further effort to purchase the basic TOWs but have been told in an unsolicited call from AMC that the basic model wd have to be the same price as the I TOW so that the AMC can recover replacement costs.

-- Nir continues to be apprehensive about going back in to ask his people to ship w/o some kind of guarantee of replenishment whether or not it succeeds in getting the hostages out. He is going to get back to me at 0300 EST re results of his meeting w/ the P.M. I passed yr msg verbatim to include [redacted] He laughed and noted that the IDF would have even greater impetus [redacted] if the hostages were killed rather than released, thus there are some who have argued against proceeding on this tack any further since it jeopardizes Israel w/ no promise of return.

At this point I believe that we could proceed along the following lines. Nir goes directly to Gorba (cutting out Schwimmer [redacted] and gets $10M for 1000 basic TOWs. He then sends 1000 basic TOWs fm Israeli stocks to Iran. hopefull the hostages are then released. We gives Secord whatever the FMV price is for 504 TOWs from the $10M (should be about $2.8M). Secord then buys and ships 504 Tows to Israel as replacement for the first exchange (Weir). This process wd at least provide the IDF w/ one third of what they had withdrawn from inventory. It is important to note that in my last discussion with Nir (he doesn't sleep either) he is very concerned about credibility all around. He noted that before they shipped the first 504, they had what they believed to be an ironclad promise to allow them to buy replacements but that all along the way there have been obstacles. He has confided that part of the pressure is indeed political in that he is one

cerned about a leak inside the cabinet from someone who is disaffected over
the drawdown of arms, but if we wanted him to push for it he would. I
believe that Nir himself is both so exhausted and in such jeopardy of
losing his job over this that he may no longer be functional. I do not 28737
believe that Nir is lying to us. I do believe he is sincerely concerned
about the outcome and wants to do what he can -- for both Israel and the US.
He has promptly agreed to every proposal we have made to date except
the final one of shipping 1000 TOWs w/o promise of replenishment. He will
be back to us. Will advise.

0

UNCLASSIFIED

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: [redacted] Briefing
Ari has advised that the 240th still appears good if we are proceeding w/ the first step of the long range plan to change the govt -- ending the hostage problem and getting rid of the 18 HAWK missiles still parked in Tehran. He believes that if the first step is scrubbed that the stg will be too. He will be back to us on Tuesday next week re location and go/no-go decision if we make an affirmative decision on the first steps re the hostages.

MSG FROM: OSOLN --CP01 TO: DSDOF --CP01 01/10/86 13:01:09
To: PSDOF --CP01

*** Reply to note of 01/11/86 09:25

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: DISCUSSION
I agree. Will take for action in our Tuesday stg w/ Elliott's people & prior to pr stg w/ Elliott & Kcel.
DISCUSSION
MSG FROM: OSOLN --CP01 TO: DSJHP --CP01 01/10/86 13:50:09
To: DSJHP --CP01

*** Reply to note of 01/10/86 10:57

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: MIKE LEDEEN
Have told this to [redacted] You should be aware, however, that it is my opinion, based on my meeting w/ Gorba on Sunday night, that Gorba tells Ledeen every thing. I suspects that there is probably a secret business arrangement among Scowcroft, Ledeen and Gorba that is being conducted w/o the knowledge of any of the three respective governments and that this will result in at least some cross-fertilization of information. This may not be altogether bad if we can keep in touch w/ Ledeen enough to get a feel for what is really going on. I have no problem w/ someone making an honest profit on honest business. I do have a problem if it means the compromise of sensitive political or operational details. We might consider making Mike a contract employee of the FBI and requiring him to take a periodic polygraph. Your Ref
[redacted]
MSG FROM: DSJHP --CP01 TO: DSOLN --CP01 01/10/86 09:27:35
To: DSOLN --CP01 OLLIE NORTH

-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: Ron Ivy
PLEASE TOUCH TELL TO DID ASK BID ABOUT DATE AND PLACE FOR
*** Recording note from DSRCN --CP01 01/10/86 09:00 ***
To: PSJHP --CP01 JOHN M. POINDEXTER

-- SECRET --

NOTE FROM: ROBERT OCFFELDER

UNCLASSIFIED

(297)

N 12114

EXHIBIT JMP-27

493

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by: R. Reger, National Security Council

UNCLASSIFIED

FILE: NOTE [redacted] WHITE HOUSE COMMUNICATIONS AGENCY PAGE 05?

SUBJECT: [redacted]meeting

Have you heard from Biz as to when it will be convenient for [redacted] to meet? Ledeen has heard Jan 30 via Hinche. Please let me know when you get word. There are one or two competing meetings in that timeframe but I can rearrange them if I have time. Many thanks.

[redacted]meeting

MSG FROM: MSGLP --CPOA TO: OSJHP --CPOA 01/20/86 10:25:36
To: OSJHP --CPOA

*** Reply to note of 01/23/86 11:27

-- [redacted] --

NOTE FROM: OLIVER NORTH
Subject: MEETINGS

Gorba both have this message. Gorba made a phone call on this matter directly to Tehran in an effort to intercede. The Iranians said that they would see what they could do.

MEETINGS

MSG FROM: MSGLP --CPOA TO: OSJHP --CPOA 01/20/86 10:40:36
To: OSJHP --CPOA

*** Reply to note of 01/17/86 09:51

-- [redacted] --

NOTE FROM: OLIVER NORTH
Subject: MIKE LEDEEN
Have done as asked. Cover shares our concerns. Some recent information tends to indicate that there is even further grounds for concern given what may well be/have been a financial arrangement among Schlesser, Secord, Gorba and our friend.

MIKE LEDEEN

[redacted]

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by: Reger, National Security Council

UNCLASSIFIED

(378)

EXHIBIT JMP-28

TO: SHULTZ

#49

THE WHITE HOUSE

N 10046

WASHINGTON

January 17, 1986

~~SECRET~~

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Covert Action Finding Regarding Iran

Prime Minister Peres of Israel secretly dispatched his special advisor on terrorism with instructions to propose a plan by which Israel, with limited assistance from the U.S., can create conditions to help bring about a more moderate government in Iran. The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel. They believe it is essential that they act to at least preserve a balance of power in the region.

The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention. To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions. It is their belief that by so doing they can achieve a heretofore unobtainable penetration of the Iranian governing hierarchy. The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long-term changes in personnel and attitudes within the Iranian government. Further, once the exchange relationship has commenced, a dependency would be established on those who are providing the requisite resources, thus allowing the provider(s) to coercively influence near-term events. Such an outcome is consistent with our policy objectives and would present significant advantages for U.S. national interests. As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. We have researched the legal problems of Israel's selling U.S. manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Some time ago Attorney

RECEIVED 1/23

~~TOP SECRET~~

Declassify on: OADR

Shall not be released 4 May 87

TOP SECRET

NOV 29 1988

Copy is Receipt

TOP SECRET N 10047

General William French Smith determined that under an appropriate finding you could authorize the CIA to sell arms to countries outside of the provisions of the laws and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran.

The Covert Action Finding attached at Tab A provides the latitude for the transactions indicated above to proceed. The Iranians have indicated an immediate requirement for 4,000 basic TOW weapons for use in the launchers they already hold.

The Israeli's are also sensitive to a strong U.S. desire to free our Beirut hostages and have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans. Both sides have agreed that the hostages will be immediately released upon commencement of this action. Prime Minister Peres had his emissary pointedly note that they well understand our position on not making concessions to terrorists. They also point out, however, that terrorist groups, movements, and organizations are significantly easier to influence through governments than they are by direct approach. In that we have been unable to exercise any suasion over Hizballah during the course of nearly two years of kidnappings, this approach through the government of Iran may well be our only way to achieve the release of the Americans held in Beirut. It must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property, or interests.

Therefore it is proposed that Israel make the necessary arrangements for the sale of 4000 TOW weapons to Iran. Sufficient funds to cover the sale would be transferred to an agent of the CIA. The CIA would then purchase the weapons from the Department of Defense and deliver the weapons to Iran through the agent. If all of the hostages are not released after the first shipment of 1000 weapons, further transfers would cease.

On the other hand, since hostage release is in some respects a byproduct of a larger effort to develop ties to potentially moderate forces in Iran, you may wish to redirect such transfers to other groups within the government at a later time.

TOP SECRET]

TOP SECRET

~~TOP SECRET~~

The Israelis have asked for our urgent response to this proposal so that they can plan accordingly. They note that conditions inside both Iran and Lebanon are highly volatile. The Israelis are cognizant that this entire operation will be terminated if the Iranians abandon their goal of moderating their government or allow further acts of terrorism. You have discussed the general outlines of the Israeli plan with Secretaries Shultz and Weinberger, Attorney General Meese and Director Casey. The Secretaries do not recommend you proceed with this plan. Attorney General Meese and Director Casey believe the short-term and long-term objectives of the plan warrant the policy risks involved and recommend you approve the attached Finding. Because of the extreme sensitivity of this project, it is recommended that you exercise your statutory prerogative to withhold notification of the Finding to the Congressional oversight committees until such time that you deem it to be appropriate.

Recommendation

OK	NO	
RR		That you sign the attached Finding.

Prepared by:
Oliver L. North

Attachment
Tab A - Covert Action Finding

1000 17 Jan 86

President was briefed verbally from this paper.
VP, Don Regan and Don Fortier were present.

TOP SECRET

[redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE

DESCRIPTION

Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.

The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date January 17, 1986

Ronald Reagan

OGCR TS 0801-86
Copy 1

[redacted]

EXHIBIT JMP-29

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

DRAFT

0454

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, [and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.]

-or-

[and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.]

PR DESCRIPTION

a Work with Iranian elements, groups and individuals, selected foreign liaison services and third countries, all of which are sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, and (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts. Provide funds, intelligence, counterintelligence, training, guidance and communications assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.

Establish contact with the more moderate elements within and outside the Government of Iran to establish their credibility with that Government by the provision of arms, equipment and related materiel to these elements on condition that these materials be limited in their use essentially to the Iran-Iraqi conflict. This assistance will be discontinued if the U.S. Government learns that these elements are misusing or intend to misuse this assistance, for the purpose of reinstituting terrorist actions against U.S. persons, property or interests, or otherwise.

1113

The White House
Washington, D.C.
Date: 3 January 1986

UNCLASSIFIED OSCR TS 0801-86 copy 2

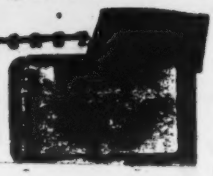

EXHIBIT JMP-29A

UNCLASSIFIED

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, as Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

N 1235

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Work with Iranian elements, groups and individuals, selected foreign liaison services and third countries, all of which are sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, and (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts. Provide funds, intelligence, counter-intelligence, training, guidance and communications assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

EXHIBIT JMP-29

The White House
Washington, D.C.
Date: 3 January 1986

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1238

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B Radtr. National Security Council

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EXHIBIT JMP-29B

DECLASSIFIED

The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

N 9549

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

EXHIBIT JMP-29B

The White House
Washington, D.C.
Date: 6 January 1986

TOP SECRET

OGCR TS 0801-86
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[redacted]

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[redacted]

Declassified/Released on 19 May 1987
under provisions of E.O. 12356
By S. Rhode, National Security Council

EXHIBIT JMP-29C

UNCLASSIFIED

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N 23723

[redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

Ronald Reagan

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by those groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

EXHIBIT JMP-29C

The White House
Washington, D.C.
Date: 6 January 1986

TOP SECRET

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[redacted]

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EXHIBIT JMP-29D

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

EXHIBIT JMP-270

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
[redacted]n	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.

The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

The White House
Washington, D.C.
Date January 17, 1986

Ronald Reagan

OGCR TS 0801-86
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[redacted]

EXHIBIT JMP-30

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Non-Log
N 9688

January 24, 1986

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ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Operation Recovery

Please find attached at Tab A a notional timeline for major events in Operation Recovery. To my knowledge the only persons completely cognizant of this schedule are:

John Poindexter
Don Fortier
Oliver North

John McMahon
Clair George

Dewey Clarridge

Richard Secord
Amiram Nir
Prime Minister Shimon Peres

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RECOMMENDATION

That you privately discuss the attachment with the President.

Approve ____ Disapprove ____

Attachment
Tab A - Notional Timeline for Operation Recovery

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Notional Timeline for Operation Recovery

Friday, January 24

-- CIA provide cube and weight data to Copp for a/c loading.

-- CIA prepare intel sample for pass to Gorba.

-- Copp provide a/c tail # to CIA for pickup at

--

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Saturday, January 25

-- Dispatch intel sample to Gorba via Charlie Allen.

Sunday, January 26

-- C. Allen deliver intel sample to Gorba at Churchill Hotel, London.

-- Copp finalize a/c requirements w/air carrier in Oklahoma.

Monday, January 27

-- Gorba place intel sample on 1300 GMT flight to Tehran fm Frankfurt, Germany.

Wednesday, January 29

-- Gorba transfer funds for purchase/transport of 1000 basic TOWs to Israeli account at Credit Suisse Bank, Geneva.

-- Israeli account manager automatically transfers deposit fm Israeli account to Copp account in same bank (bank record keeping transaction).

-- Copp's account manager automatically transfers $6M to CIA account in same bank (bank record keeping transaction).

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Thursday, January 30

-- CIA transfers $6M to DOD account by wire service transaction.

-- CIA orders movement of 1000 TOW missiles fm DOD storage facility Anniston, Alabama, to

-- CIA bills Copp account $26K for cost of moving 1000 TOW missiles fm Anniston, Alabama, to

Friday, January 31

--

--

[redacted]

Sunday, February 2

--

-- Copp travels to Israel for site survey of transfer point (Eliat, Israel).

-- Copp proceeds to rendezvous in Rome w/Clarridge to establish command post.

Monday, February 3

-- [redacted]

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Tuesday, February 4

-- 1000 TOWs sanitized and prepared for shipping

-- Copp a/c packers arrive at and arrange for Copp a/c to lift TOWs fm Kelly AF Base, San Antonio, TX, on CIA contract.

Wednesday, February 5

-- Copp a/c arrives Kelly AF Base for loading.

-- CIA provides remainder of first intel sample to Gorba at Iranian Embassy in Bonn, Germany.

Thursday, February 6

-- Copp a/c commence lifting TOWs fm Kelly AF Base to transfer point at Eliat, Israel.

-- Israeli AF "sterilized" 707 a/c arrives at transfer point for loading.

-- Copp aircrew arrives Eliat, Israel, to pilot Israeli a/c.

--

-- Remainder of first intel sample flown fm Germany to Tehran in diplomatic pouch on scheduled Iran Airways flight.

Friday, February 7

-- Israeli "sterile" a/c piloted by Copp crew commences movement of TOWs fm Eliat to Bandar Abbas, Iran, via Red Sea route.

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Saturday, February 8

-- Delivery of 1000 TOWs completed.

-- 25 Hizballah released by Lahad.

-- Returning Israeli a/c pickup 18 HAWKs at Tehran airport for return to Israel.

Sunday, February 9

-- All U.S. hostages released to U.S./British or Swiss Embassy.

-- Second group of 25 Hizballah released by Lahad.

-- Israelis return $5.4M to Gorba when HAWKs land in Israel.

Monday, February 10

-- Gorba transfers funds to Israel account for purchase/transportation of 3000 TOWs (amount transferred is sufficient to cover purchase of 508 additional TOWs owed to Israel for Weir release and all transportation costs).

-- Israelis transfer funds to Copp account at Credit Suisse Bank, Geneva.

-- Copp transfers funds to CIA account for purchase/transportation of 3508 TOWs ($21.048M).

-- Four (4) remaining Lebanese-Jews released by Hizballah.

Tuesday, February 11 (Anniversary of Iranian-Islamic Revolution)

-- Khomheini steps down.

-- CIA transfers $21.048M to DOD account for purchase of 3508 TOWs at $6K each.

-- CIA starts moving TOWs to Alabama, in lots of 1000. fm Anniston.

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TOP SECRET N 9694

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Thursday, February 13

-- Copp packers return to

Tuesday, February 18

-- Copp a/c pickup 1000 TOWs at Kelly AF Base, Texas; deliver to transfer point (Eliat).

-- Israeli "sterilized" 707 a/c w/Copp crew commences delivery of 1000 TOWs to Iran.

Thursday, February 20

-- Copp a/c pickup 1000 TOWs at Kelly AF Base, Texas; deliver to transfer point (Eliat).

-- Israeli "sterilized" 707 a/c w/Copp crew commences delivery of 1000 TOWs to Iran.

Saturday, February 22

-- Copp a/c pickup 1000 TOWs at Kelly AF Base, Texas; deliver to transfer point (Eliat).

-- Israeli "sterilized" 707 a/c w/Copp crew commences delivery of 1000 TOWs to Iran.

Monday, February 24

-- Copp a/c returns to pickup 508 TOWs for delivery to Israel.

-- Collett (British hostage) and Italian hostages released and Buckley remains returned.

Tuesday, February 25

-- Second sample of intel provided to Gorba at Iranian Embassy in Bonn, Germany.

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EXHIBIT JMP-31

~~TOP SECRET~~ UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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NOV 29 1986

February 18, 1986

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ACTION

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MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Operation Recovery

The following is text of encrypted message from Copp at 0830 this morning:

"Aircraft returned safely to Ben Gurion this morning at 0730 EST. Seventeen HAWK missiles aboard. Gorba called one hour ago. [redacted] will head Iranian side of meeting in Germany along with five others. Iranians will provide all names after we give names and titles to them through Gorba. Iranian delegation will [redacted]. include: [redacted] All will arrive via private plane in Frankfurt, Thursday p.m. Meeting to start at 1700 in Iranian Embassy (sic) for two hours. Iranians would then proceed back to Iran to check "quality" of data. Iranians have asked for second delivery of 500 TOWs on Friday a.m. They say they will release all hostages, if, [redacted] They say we will get hostages Friday or Saturday. They envision a future meeting in Iran with us to consider next steps while we are delivering balance of TOWs (3,000). [redacted] We have already rejected embassy as meeting site. Suggested following names from our side:

Mir (Office of Israeli Prime Minister)
MGEN Adams (Director, Current Intelligence - DIA) (AKA - Secord)
William Goode (Office of President)
Albert Hakim (Support Assistant to Director DIA)"

Based on the above, the CIA (Clarridge) has been asked to produce documents identifying Adams as DIA to avoid having Copp use his own passport. To date, CIA has refused to provide him with any alias documentation. Albert Hakim is VP of one of the European companies set up to handle aid to resistance movements. He is fluent in farsi and would need one time alias documentation as a DIA official.

Partially Declassified/Released on [redacted] under [redacted] E.O. 12356
by [redacted] National Security Council

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N 9885

It is recognized that there is a significant problem [redacted] However, we appear to be much closer to a solution than earlier believed [redacted] attendance at the Frankfurt meeting tends to support our hope that this whole endeavor can succeed this week, if we appear to be forthcoming.

RECOMMENDATION

That you urge Director Casey to provide [redacted] on Thursday in Frankfurt.

Approve ✓ Disapprove ____

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EXHIBIT JMP-32

From: NSCAF
To: MSRCH --CPUA

1173

See Reply to note of 02/22/86 17:11

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N 28739

NOTE FROM: OLIVER NORTH
Subject: How are things?

Just returned last night from mtg w/ [redacted] in Frankfurt. It nothing else the meeting serves to emphasize the need for direct copntact with these people rather than continue the process by which we deal through intermediaries like Gorbanifahr. Because CIA wd not provide a translator for the sessions, we used Albert Hakim, an AMCIT who runs the European operation for our Nicaraguan resistance support activity. [redacted] accompanied so that I wd have someone along who wd provide an "objective" account.

Throughout the session, Gorbanifahr intentionally distorted much of the translation and had to be corrected by our man on occasions so numerous that [redacted] finally had Albert translate both ways. Assessment of mtg & agreement we reached as follows: [redacted] has authority to make his own decisions on matters of great import. --He does not have to check back w/ Tehran on decisions take. --The govt. of Iran is terrified of a new Soviet threat. --They are seeking a rapprochment but are filled w/ fear & mistrust. --All hostages will be released during rpt during the next meeting. --They want next mtg urgently and have suggested Qeshm Is. off Bandar Abbas. --They are less interested in Iran/Iraq war than we originally believed. --They want technical advice more than arms or intelligence. --Tech advice shd be on commercial & military maintenence - not mil tactics --They committed to end anti-U.S. terrorism. --They noted the problems of working thru intermediaries & prefer dir. contact -- [redacted] noted that this was first USG/GOI contact in more than 5yrs. Vy important [redacted] recognizes risks to both sides -- noted need for secrecy. [redacted] stressed that there were new Sov. moves/threats that we were unaware of While all of this could be so much smoke, I believe that we may well be on the verge of a major breakthrough - not only on the hostages/terrorism but on the relationship as a whole. We need only to go to this meeting which has no agenda other than to listen to each other to release the hostages and start the process. Have briefed both JMP and Casey -- neither very enthusiastic despite [redacted] North summary along lines above. Believe that you shd be chartered to go early next wf - or maybe this weekend - but don't know how to make this happen. Have not told JMP that this note is being sent. Help. Pls call on secure yr earliest convenience. Warm, but fatigued regards, North

Partially Declassified/Released on 6 Jul 1987
under provisions of E.O. 12356
by S. Reger, National Security Council

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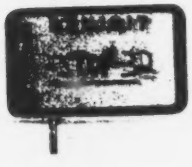

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FILE: DOTF [redacted] WHITE HOUSE CORRESPONDENCE

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-- [redacted] --

N 12122

[redacted]

FROM: [redacted] --CP98 TO: [redacted] --CP98 03/27/96 16:02:23

To: [redacted] --CP98

*** Reply to note of 03/27/96 00:50

-- [redacted] --

DATA FROM: [redacted]

Subject: How are things?

Roger Willie, well done--if the world only knew how many times you have kept a semblance of integrity and sumption to US policy, they would make you Secretary of State. But they can't know and would complain if they did--such is the state of democracy in the late 20th century. But the stanles are terribly promising. So you know I do not hold Carbondler in high regard and am so particularly glad to have of apparent authority.

I have just gotten a note from John asking whether or not I could go some time next week and that the President is on board. I agreed. No banner down and get some rest; let this word come to you in channels, but pack your bags to be ready to go in the next week or so. Incidentally, I have had sporadic requests from Mike to assist in getting Glenndor Carbondler to come to Switzerland I have refused. Surely if they have off rest been fibbs they has got a name in Bosnia from the Swiss embassy or somewhere else. I do not intend to tell Mike any of this new info. Recommend against your doing so.

Brave Bois.

[redacted]

[redacted]

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under provisions of E.O. 12356
by R. Reger, National Security Council

514

FILE: DOTF [redacted] DATE 00 / COMMUNICATIONS SCAN: UNCLASSIFIED PAGE 002

Shultz will buy note this tomorrow when JDF brief him. With the grace of the good Lord and a little more hard work we will very soon have five AMCITS home and be on our way to a much more positive relationship than one which hostors 444s for three.

I value our friendship and confidence very highly and did not mean to infer that you had revealed these exchanges. By noting that you not indicate none to JDF I was only informing that I had not told him anything of it so as not to compromise ayself at a point in time when he needs to be absolutely certain that this can work. He is, as only you can know, under tremendous pressure on this matter and very concerned that it go according to plan. My part in this was easy compared to his. I only had to deal with out enemies. He has to deal with the cabinet. Many thanks for yr trust. Warm regards, Garth

Exchanges 03/27/86 20:23:23

MSG FROM: USOLA --CP0A TO: USNCR --CP0A

To: USNCR --CP0A

*** Reply to note of 03/27/86 16:02

-- SECRET --

DATE FROM: OLIVER USNTH

Subject: How are things?

In reading things out of sequence due to fatigue. Many thanks for yr note. Have responded to most of this in my reply to exchanged - before I read this one. Yr concerns re Hike are shared here. USNCR to the passing of info. No access will but cause a significant problem. His ways be how info that Hike has a financial relationship w/ Gorbs. Pipradt and perhaps Schulmann. If true, this is not good. We also have that Gorbs tells Hike everything and that is an additional reason to get Gorbs out of the loop except pictore USAF. We still still need to have his involved in the TOWs transactions since he manages the financial end for the Iranianals Europe. We ought to sit quietly and think about how we handle Hike so that he does not start talking out of disgruntlement (if that's a word). Have asked JDF for a session w/ you and Dick Secord as soon as possible after Dick returns tomorrow night to Dat where he is setting up an Area Delivery for the Nic resistance. A man of many talents ol' Secord is. Dust be off. Be supposed to make a speech on aiding the Nic resistance to a group of supporters. Best regards. Garth

How are things?

[redacted]

-- SECRET --

[redacted]

Declassified/released on 5/6/87 under provisions of E.O. 12356 by: Reger, National Security Council

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EXHIBIT JMP-33

IRAN

N 7514

4 May 67

EXHIBIT
33

EXHIBIT JMP-34

~~TOP SECRET~~ ~~TOP SECRET~~ SENSITIVE

RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 7515

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

EXHIBIT JMP-34

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 14, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eigh hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need t establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that th hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it al became apparent that our conditions/demands had not been accura transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediari

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, t U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 19 transfer.

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N 7516

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26 made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran.

A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

~~TOP SECRET~~ ~~TOP SECRET~~ SENSITIVE

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~~TOP SECRET~~ 3 SENSITIVE

N 7517

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted]. This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts( ) and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran.

-- On Sunday, April 20, the following series of events will occur:

- U.S. party arrives Tahran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

- At A+7 hours, the U.S. hostages will be released in Beirut.

- At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

~~TOP SECRET~~ ~~TOP SECRET~~ SENSITIVE

TOP SECRET

TOP SECRET SENSITIVE

N 7518

-- [redacted] Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- We have told the Iranians that we are interested in assistance they may be willing to provide to the Afghan resistance and that we wish to discuss this matter in Tehran.

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq.

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provid the TOWs [redacted] We have agreed to discuss this matter.

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

TOP SECRET TOP SECRET SENSITIVE

-- The residual funds from this transaction are allocated as follows:

- $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that w have found to meet our commitment to replenish these stocks.

- $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressional approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issu once behind us, improves the opportunities for this relationshi

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating , Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for mean to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve ____ Disapprove ____

Attachment
Tab A - U.S.-Iranian Terms of Reference

~~SECRET~~ ~~SECRET~~ SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

N 7520

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power i defense of its interests. [redacted]

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as thi is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of th strategic pattern. We see it used not only against u but against our friends. We cannot accept either. Your influence in achieving the release of all hostag return of those killed (over time) is essential.

~~SECRET~~ N 7521 SENSITIVE

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran.

, We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region.

But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

~~SECRET~~ SECRET SENSITIVE

~~SECRET~~

~~SECRET~~ SENSITIVE

N 7522

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity

-- Soviet plans( ) How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship mor difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees( )

-- We need to know who you work with, what you already provide and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

~~SECRET~~ ~~SECRET~~ SENSITIVE

EXHIBIT JMP-35

TOP SECRET UNCLASSIFIED SENSITIVE

RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 590

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 14, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S. and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

TOP SECRET SENSITIVE

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

TOP SECRET UNCLASSIFIED SENSITIVE

TOP SECRET N 592

TOP SECRET SENSITIVE

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.65 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.65 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

- U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

- At A+7 hours, the U.S. hostages will be released in Beirut.

- At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

TOP SECRET TOP SECRET SENSITIVE

TOP SECRET UNCLASSIFIED N 593 SENSITIVE

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [redacted]

TOP SECRET UNCLASSIFIED SENSITIVE

TOP SECRET UNCLASSIFIED SENSITIVE

-- The residual funds from this transaction are allocated as follows:

- $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

- $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

TOP SECRET UNCLASSIFIED SENSITIVE

SECRET ~~SECRET/US~~ SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages return of those killed (over time) is essential.

SECRET
Declassify: OADR UNCLASSIFIED SENSITIVE

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

SECRET UNCLASSIFIED N 597 SENSITIVE

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees. [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

SECRET UNCLASSIFIED SENSITIVE

EXHIBIT JMP-36

UNCLASSIFIED

RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 28846

Background.. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 14, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

1716

TOP SECRET/SENSITIVE

Declassify: OADR [redacted]

UNCLASSIFIED

Declassified/Released on 9-4-1991
under provisions of E.O. 12356
by B. Reger, National Security Council

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N 28847

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

~~TOP SECRET~~ ~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~ N 28848

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

- U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

- At A+7 hours, the U.S. hostages will be released in Beirut.

- At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N 28849

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Gorbanifahr specifically mentioned that Qhadhaffi's efforts to 'buy' the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

--

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq.

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs,

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

~~TOP SECRET~~ ~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

14

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N 28850

-- The residual funds from this transaction are allocated as follows:

- $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

- $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

~~SECRET~~

UNCLASSIFIED

SENSITIVE

April 4, 1986
N 28851

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages return of those killed (over time) is essential.

UNCLASSIFIED

declassified

N 28852

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in a Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

SECRET

UNCLASSIFIED

SENSITIVE

75-935 0 - 88 - 18

SECRET UNCLASSIFIED [redacted] 28653

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

SECRET UNCLASSIFIED SENSITIVE

EXHIBIT JMP-37

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 13, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

~~TOP SECRET~~ SENSITIVE
Declassify: OADR [redacted] Reclassified on [redacted] Under Authority of E.O. 12356

UNCLASSIFIED

~~TOP SECRET~~ H 30953 SENSITIVE

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

~~TOP SECRET~~ SENSITIVE

UNCLASSIFIED AKW006619

~~TOP SECRET~~ UNCLASSIFIED 11 30954 SENSITIVE

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at NOD and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

- U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

- At A+7 hours, the U.S. hostages will be released in Beirut.

- At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Irahians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

~~TOP SECRET~~ SENSITIVE

UNCLASSIFIED AXW0006020

UNCLASSIFIED
N 30955

TOP SECRET SENSITIVE

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

TOP SECRET AKN006U21 SENSITIVE

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED # 30956 SENSITIVE

-- The residual funds from this transaction are allocated as follows:

- $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

- $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

SENSITIVE

~~TOP SECRET~~

AK006022

UNCLASSIFIED

EXHIBIT JMP-38

UNCLASSIFIED N 582

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

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On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurate transmitted to the Iranian Government by the intermediary and it was agreed that:

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-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 198 transfer.

[redacted] 8/1/1987

UNCLASSIFIED

1880

EXHIBIT JMP-38

[redacted] UNCLASSIFIED [redacted]

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provide

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UNCLASSIFIED

[redacted] UNCLASSIFIED [redacted]

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[redacted] UNCLASSIFIED [redacted]

UNCLASSIFIED

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UNCLASSIFIED

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Attachment
Tab A - U.S.-Iranian Terms of Reference

[redacted] UNCLASSIFIED

[redacted] UNCLASSIFIED [redacted]

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U.S.-Iran Dialogue

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-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

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- Support of terrorism and hostage-taking is part of thi strategic pattern. We see it used not only against us but against our friends. We cannot accept either. Your influence in achieving the release of all hostage return of those killed (over time) is essential.

[redacted] UNCLASSIFIED [redacted]

UNCLASSIFIED

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

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- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

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- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

UNCLASSIFIED

UNCLASSIFIED

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

UNCLASSIFIED

Exhibit JMP-39

EXHIBIT JMP-40

UNCLASSIFIED

From: NSJMP --CPUA
To: NSOLN --CPUA

Date and time 04/16/86 19:02:42

N 9212

*** Reply to note of 04/16/86 18:00

-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: PRIVATE BLANK CHECK

You may go ahead and go, but I want several points made clear to them. There are not to be any parts delivered until all the hostages are free in accordance with the plan that you laid out for me before. None of this half shipment before any are released crap. It is either all or nothing. Also you may tell them that the President is getting very annoyed at their continual stalling. He will not agree to any more changes in the plan. Either they agree finally on the arrangements that have been discussed or we are going to permanently cut off all contact. If they really want to save their asses from the Soviets, they should get on board. I am beginning to suspect that doesn't have much authority.

cc: NSPBT --CPUA PAUL THOMPSON

5/6/87
E.O. 12.3
[illegible] Cir 7

EXHIBIT
JMP-40

(426)

UNCLASSIFIED

EXHIBIT JMP-41

Subject: Update for POTUS on Iran

Here is the update we discussed on Saturday. [redacted] wants all of the Bush folks delivered before the hostages are released. I have told Ollie that we can not do that. The evidence has to be 1) meeting; 2) release of hostages; 3) delivery of Bush party. The President is getting quite discouraged by this effort.

This will be our last attempt to make a deal with the Iranians. Next step is a Frankfurt meeting with Gates, [redacted] North and Cave. Sorry for the uncertainty.

*** Forwarding note from POTUS --CPM 08/21/86 20:31 ***

TO: RP/HP --CPM

*** Reply to note of 08/21/86 18:50

---SECRET---

NOTE FROM: OLIVER NORTH

Subject: UPDATE FOR RON OR TOM

Current situation: Both Charlie Allen and BJ have been in touch w/ Gates [redacted]

An effort to put up a meeting with [redacted] in Europe. We have [redacted] that [redacted] is apparently trying to effect additional concessions from us

Declassified/Released on [illegible] under provisions of E.O. 12356 by W. Rapp, National Security Council

N 12502

JMP 9/15/08

UNCLASSIFIED

FILE: APS06 [redacted] AO WHITE HOUSE COMMUNICATIONS AGENCY

To: NSOLN --CPSA OLLIE NORTH

-- SECRET --

NOTE FROM: JOHN POINDEXTER
SUBJECT: Iran
Charlie Price called me with a wild story tonight. A Bob Frasure on Price's staff met with Tiny Rowlands, a British entrepreneur. Tiny said he met this week with Bir, Khashoggi and Ghorbanifar. Bir wanted to use Tiny's company Lonhro to provide management for a large scale program to sell grain, military spare parts and weapons to Iran from countries as far away as Khashoggi claimed that very big money was involved and showed Tiny receipts for large scale transfers of cash to Swiss banks. Bir said the scheme was ok with the Americans and only four people in the White House were involved and I was the point man. was involved and weapons and spare parts would be channeled through was witting and would get 10%. Bir would cut Tiny in for 7%. Tiny checked this out with and he confirmed it. Tiny also called Klecho who also confirmed it.

I told Charlie that there was only a shred of truth in this and the US connection was highly distorted. Tiny told Frasure that he didn't like the deal and did not want to get involved unless it was an American operation. I told Charlie to advise him not to get involved.

What in the hell is Bir doing? We really can't trust those sob's.

Iran
MSG FROM: RSJMP --CPSA TO: RSSIT --CPSA 05/03/86 22:20:30
To: RSSIT --CPSA SENIOR DUTY OFFICER

-- SECRET --

Declassified on 5/6/87

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JMP 9/249 (15)

(468)

N 18737

EXHIBIT JMP-42

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[redacted] WHITE HOUSE COMMUNICATIONS AGENCY

UNCLASSIFIED

[redacted]

[redacted] 05/05/86 22:39:58

[redacted]

see reply to note of 05/03/86 06:37

[redacted]

MEMO FROM: OLIVER NORTH

Subject: Iran

I agree that we cannot trust anyone in this game. You may recall that nearly a month ago I briefed you to the effect that Ying Behind had been approached and we sent back through Casey to tell those guys that the whole thing smelled very badly. We know that Ghorbanifar is the principal fund raiser for Gorba and that

only after Gorba delivers a cargo does he get paid by the Iranians. So do not believe that Ying is still engaged in this effort. Bir has been told to stay off the skyline on the issue. The story you had relayed to you by Price was the one made up by Bir to cover the transaction and Clair George reported it to us when the issue first came up several weeks ago. At the bottom line, this Appellion the need to proceed urgently to conclude this phase of the operation before there are further revelations. We all know that this has gone on too long and we do not need to have any excuse of expediting the process about going to Iran. In that regard, George and I are leaving tomorrow at 0700 to

1700

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under provisions of E.O. 12356
by B. Reger, National Security Council

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[redacted]

[redacted] Gerbs in London. We intend to tell him that unless a [redacted] cit is made by th[redacted] end of the week, the whole operation is off. We ed then [redacted] o Gerbs call [redacted] le our pressure and have George reinforce the criteria for proceeding: [redacted] go to Tehran; within 30 hrs all hostages released; then later we deliver the 200 parts; within 30 days we provide [redacted] parts which cannot fit on the [redacted] a/c. In return we get to raise the issue [redacted] 'oreign, no more terrorism at [redacted] help for the Afghan resistance. This DIDO[redacted] . . . what [redacted] already would be has gotten the "authorities" at his end to accept, but we want to be sure before we proceed. Lord Gilling, Gerbs will then make the requisite deposit on Thursday, we will start to assemble the cargo by Friday, and the following weekend we will get to Tehran. We all hope. Please also see response to Paul's note on this general subject. Will transmit as soon as this is gone. Best regards, Scott

[redacted]

FROM: [redacted] --CP01 TO: DIDO --CP01 05/03/86 06:59:51

TO: [redacted] --CP01 06AUG 00058

-- [redacted] --

06/TO FS/O: JOHN POINDEXTER

[redacted]: Iran

Charlie Price called me with a wild story tonight. A Dan Francore on Price's staff met with Ying Davlonde, a British entrepreneur. Ying said he met this week with Dir, Shamboggi and Ghorbanifar. Dir wanted to use Ying's company Lonhro to provide consignment for a large scale program to sell [redacted] military spare parts and weapons to Iran from countries on far away as [redacted] Shamboggi claimed that very big money was involved and showed Ying receipts for large scale transfers of cash to Swiss banks. Dir said the scheme was on with the knowledge of only four people in the White House were involved and I was the point man. [redacted] was involved and weapons and spare parts would be channeled through [redacted] was sitting and would get 50%. Dir would cut Ying in for 5%. Ying checked this out with [redacted] and he confirmed it. Ying also called Ghorba who also confirmed it.

I told Charlie that there was only a shred of truth in this and the US connection was highly distorted. Ying told Francore that he didn't like the deal and did not want to get involved unless it was an American operation. I told Charlie to advise him not to get involved.

What in the hell is Dir doing? We really can't trust these sob's.

Iran

[redacted]

[redacted]

[redacted]

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EXHIBIT JMP-43

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~~J 6270~~

J 7537

MEMO TO THE FILE --- ~~SECRET AND SENSITIVE~~

MEMORANDUM OF CONVERSATION

DATE: May 3, 1986

PARTICIPANTS: Ambassador Price and Admiral John Poindexter

LOCATION: Embassy London Secure Phone at 11:30 AM

I spoke with Admiral Poindexter and relayed Bob Frasure's account of the Rowland meeting. I then proceeded to inform Poindexter that I had spoken with Armacost on May 2, about the "deal" and was told Poindexter was the "point man" at the White House on the issue. I mentioned Armacost's supposition that it was "on hold" and solicited a response from the Admiral.

John first asked me a series of questions: "Are you in London?"; "Are you coming to the U.S. soon?"; "When will you return to London?"; "Will you be returning through Washington?" I told him that I was travelling to Kansas City on Sunday, May 4, returning Saturday, May 10, and that my plans at this time did not include a Washington stop. I said I could change my travel arrangements accordingly.

John then said there was a "small shred of truth" in Nir's contention regarding White House involvement. He added that Nir was "up to his own games". Originally the USG became involved because "we caught the Israelis red-handed delivering arms to Iran in the middle of last year". There was only a "small connection", he reiterated, but claimed that the story was "out of all perspective". He recommended that I advise Rowland not to get involved.

I spoke of my concern that news of this nature has been "floating around" the UK in connection with past visits to London by Bud McFarlane and Ollie North. If Rowland [redacted] have knowledge of such arrangements, I continued, the whole thing "could blow up" in terms of foreign policy ramifications and be "very damaging to the President".

Poindexter replied that he is very sensitive to that particular concern. The President, he said, "is completely aware of everything that has been done" and that the President "is very sensitive [to the potential for a blow up]". The story as relayed to Rowland was "highly distorted", according to Poindexter. Only a "small part is true", he repeated.

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EXHIBIT
JMP-43

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~~SECRET AND SENSITIVE~~

J 7538

J 6-9

The Admiral then told me that "we will follow up on the information you gave me and put things back the way they should be". I told John that: (a) I understood it was USG policy that no ransom would be paid or any deals made for the release of hostages, and (b) it was also USG policy which we strenuously pursued in London to try and prevent any other country from shipping arms to Iran. "Roger, I understand," was the response from Poindexter. He again said he would be happy to talk more if I were to stop in D.C.

The Admiral said that knowledge of this business is "very limited" and, more specifically, that "Mike Armacost does not know of the exact details." I provided my home and office numbers in Kansas City to Poindexter, and said that if he felt it was desirable for me to stop in D.C., he could get in touch through those numbers. To this, Poindexter responded that the "only reason" for me to stop by D.C. on my return trip would be to "put my mind at rest". I told John I've had some knowledge of these activities going back to last year as a result of some meeting which McFarlane and Ollie North had held in London. I said this matter is one I found very troubling and highly dangerous. Even if only "a small part is true" it could have catastrophic consequences for the President and should be terminated. John said he planned to be back in Washington on Thursday, May 7.

[redacted]

EXHIBIT JMP-44

UNCLASSIFIED 000675

PRESIDENT'S SPECIAL REVIEW BOARD

- - -

INTERVIEW WITH

SECRETARY OF STATE GEORGE SHULTZ

- - -

THURSDAY, JANUARY 22, 1987

Conference Room 5026

New Executive Office Building

17th & Pennsylvania, N.W.,

Washington, D. C.

The Board was convened at 3:10 o'clock, p.m.,

BEFORE:

HON. JOHN TOWER, CHAIRMAN

GENERAL BRENT SCOWCROFT

ALSO PRESENT:

Clark McFadden, Esq.

Rhett Dawson, Esq.

Katherine Wilkens

ALSO PRESENT:

Judge Abraham Sofaer,

Counselor, Department of State.

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EXHIBIT JMP-44

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that point?

Secretary Shultz: I don't have any note that I did. So I am just taking from my notes. I may have.

Mr. McFadden: But did you ask them why the hostag would be released or how do you know this, or in what connection did it happen?

Secretary Shultz: Well, the presumption was that, after the meeting, they were pursuing this matter, and that, as a result of pursuing it, the Iranians wanted the meeting, and the meeting itself, having it with a high-level person like Mr. McFarlane, the President's former advisor, was a mark of a high-level interest; and the other side of that coin was the release of the hostages. It's sort of like the London proposition returning again, I thought.

It seemed very unlikely to me, but I said well, if you've got that arrangement, that's great.

Judge Sofaer: You didn't mention that, when you saw the notes, the talking points did not have anything about arms.

Secretary Shultz: No, they didn't have anything about arms in them. That, of course, was what I would look for..

On March 11, 1986, Vice Admiral Poindexter told m this arrangement had fallen through, apparently because Mr. McFarlane objected to the idea.

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On March 18, 1986, Ambassador Bartholomew informed me, via my staff, [redacted] Thereafter, the Department of State heard nothing more of this effort.

On May 3, 1986, in Tokyo, I received a cable statin that Ambassador Charles Price in London had telephoned Under Secretary Armacost to report that an Embassy officer in London had learned from Tiny Rowlands, a British entrepreneur, [redacted] of a deal involving arms and grain for Iran from various countries.

The source stated that Adnan Khashoggi had suggest that Rowlands meet with Mr. Nir and Ghorbanifar. Rowlands did so and reported learned from Nir of various arrangements that were underway to get arms to Iran, with the use of Swi banks. I'll quote from the Armacost cable to me. This was at the economic summit, where I was in Tokyo. What happened was, I guess, Rowlands walked into the embassy in London, apparently knew the Foreign Service Officer there, and just gave him this information. So, the Foreign Servi Officer made a bee-line for the Ambassador, and turned it over to the Ambassador. The Ambassador immediately called Armacost and provided the information that I am relating to you. And this is the quote: "The scheme...was okay with the Americans. It had been cleared with the White H

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Poindexter allegedly is the point man. Only four people in the U.S. Government are knowledgeable about the plan. The State Department has been cut out." That's what Rowlands told this guy and was reported to me.

Members of my staff suspected that the operation might be underway again, and expressed strong opposition on legal and moral grounds, as well as concern for the President.

That same day, I sought out Vice Admiral Poindexter with the President's party, but found Mr. Regan. That is, I got this in the morning. We were in the midst of these meetings. You know how they are. And I read this thing.

So I am in one part of the hostel; the President and his staff -- Regan, Poindexter, and so on -- are in another part. So I just marched over to their wing of the hotel to find whoever I could find, and I wound up finding Don Regan. Everybody else I could not get to.

I told Mr. Regan and I showed him this -- I said that he should go to the President and get him to end this mat once and for all. I opposed dealing with people such as those identified in the message and said it would harm the President if the activity continued.

Mr. Regan, I felt, shared my concern, said he was alarmed and would talk to the President.

I later learned that Vice Admiral Poindexter

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reportedly told Ambassador Price that there was no more than a "smidgen" of reality to the story. "Smidgen" is his word.

When I got to him, I told Vice Admiral Poindexter my feelings, but he did not share my concerns.

He claimed that we were not dealing with these people; that that was not our deal.

I told him the President was very exposed.

Soon thereafter I recall being told by both Vice Admiral Poindexter and Mr. Casey that the operation had ended and the people involved had been told to "stand down."

After the Tokyo meeting, the President returned, and I --

Chairman Tower: Excuse me. The day of the Tokyo meeting was approximately when?

Secretary Shultz: Around May 3, early May. First we went to Indonesia and then we went to Tokyo. The Presider came back. I went to the Philippines. So I didn't get back until somewhat later. I don't have a note on exactly when this "stand down" occurred. But I am recalling hearing that from both of them.

During this period, I heard from time to time of reports that the operation may have resumed -- that is, thre the things that roll around on the grapevine. I heard nothi official to this effect, however. In particular, on

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EXHIBIT JMP-45

cc: NSPBT --CPUA PAUL THOMPSON NSDRF --CPUA ELN FORTIER

MSG FROM: NSJMP --CPUA. TO: NSDRF --CPUA 05/02/86 23:01:50
NSDRF --CPUA

*** Reply to note of 05/02/86 19:29
-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: CONTRA PROJECT
When Shultz, Regan and I discussed it yesterdeay on AF-1, we were a bit confused as to whether the expedited procedures in the legislation would apply to this proposal. What pressure would exist on Tip to take action on it? Please talk to Will Ball. What about the idea that Jim Miller and Dennis had about submitting an urgent-urgent supplemental containing among other things the Irish aid package?

Next, yesterday in a meeting that I had with the President, he started the conversation with "I am really serious." "If we can't move the Contra package before June 9, I want to figure out a way to take action uni-laterally to provide assistance." In other words he does not buy the concept of taking actions or talking about pulling out as described in the package. He has been reading Natanyahu's (sp?) book on terrorism and he was taken with the examples of Presidential actions in the past without Congressional approval. He also read an op-ed piece on the same subject. I believe that was the one by Dick Pipes' son. The President is recalling the 506A action we took on Honduras. I told him that I didn't think that it would apply here, since we are not dealing with a government. But the fact remains that the President is ready to confront the Congress on the Copnstitutional question of who controls foreign policy. We need to get Abe Sofaer and other stalwart lawyers thinking in these ns to see if there is some way we could do this, if all else fails.

With your answers to the first question, we will discuss the package on the return trip and be ready to proceed on return. I have George's proxy on the package. George agrees with the President that we have to win some way and we will not pull out.

cc: NSRKS	--CPUA	RON SABLE	NSOLN	--CPUA	OLLIE NORTH
NSRBM	--CPUA	ROD MCDANIEL	NSPBT	--CPUA	PAUL THOMPSON
NSWRP	--CPUA	BOB PEARSON	NSFEG	--CPUA	FLORENCE GANTT

[redacted]

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[redacted]

FILE: NATO6 [redacted]AO WHITE HOUSE COMMUNICATIONS AGENCY

UNCLASSIFIED

NSHRT --CPUA NSYNC --CPUA

Memo on Combatting Terrorism 05/15/86 21:29:58

MSG FROM: NSJHP --CPUA TO: NSOLN --CPUA

To: NSOLN --CPUA OLLIE NORTH

-- SECRET --

NOTE FROM: JOHN POINDEXTER

SUBJECT: BE CAUTIOUS

IN A MEMO FROM BUD TO BE TODAY HE TALKS ABOUT YOUR OPERATING A RADIO SHIP UNDER YOUR CONTROL TO CIA FOR BROADCASTING INTO I AM AFRAID YOU ARE LETTING YOUR OPERATIONAL ROLE BECOME TOO PUBLIC. FROM NOW ON I DON'T WANT YOU TO TALK TO ANYBODY ELSE, INCLUDING CASEY, EXCEPT ME ABOUT ANY OF YOUR OPERATIONAL ROLES. IN FACT YOU NEED TO QUICKLY CONSIDER A COVER STORY THAT I HAVE INSISTED THAT YOU STOP.

> BE CAUTIOUS

MSG FROM: NSJHP --CPUA TO: NSBBB --CPUA 05/16/86 09:05:51

To: NSBBB --CPUA BOB MCFARLANE

-- SECRET --

Declassified/Released on 5/6/87

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EXHIBIT JMP-46

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-- SECRET --

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NOTE FROM: JOHN POINDEXTER

Subject: Central America

I would like to explore [illegible] the Vice-[illegible] relationship should be the [illegible] and between Vice and Bush [illegible] still were mixed reactions. We has tasked CIA to get back into the management of the problem and be ready to [illegible] on the issue. Talk to him about it and I will follow-up when I get back.

CC: MCFAR --CPOA PAUL THOMPSON

Central America

REQ FROM: MCFAR --CPOA FOI: DSDR --CPOA [illegible]

TO: NSPG --CPOA FLORENCE GATES

N 12557

NOTE FROM: JOHN POINDEXTER

— SECRET —

Partially Declassified/Released on 5/6/87
under provisions of E.O. 12356
by: Roger Raymond Security Group

JMP 7/84

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-- SECRET -- UNCLASSIFIED

NOTE FROM: JOHN POINDEXTER
Subject: IRAN AND TERRORISM
GO AHEAD AND WORK UP THE PAPER NEEDED FOR THE 815A APPROPRIATIONS. WILL CALL IS TO CHPCR WITH MICHEL AND CHERNE TODAY. I UNDERSTAND YOUR CONCERN AND AGREE. I JUST DIDN'T WANT YOU TO BRING IT UP AT NSPG. I GUESSED AT WHAT YOU WERE GOING TO SAY. DIA AGAIN KNOWS VERY LITTLE OF YOUR OPERATION AND THAT IS JUST AS WELL.

IRAN AND TERRORISM
MSG FROM: DSJMP --CPDA TO: NSPDB --CPDA 05/19/86 14:00:05

N 12533

5/6/87

JMP 9/161 (461)

[redacted]

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EXHIBIT JMP-47

572

-- SECRET -- UNCLASSIFIED

NOTE FROM: JOHN POINDEXTER
Subject: IRAN AND TERRORISM

I HAVE PROBLEMS WITH THIS PLAN. AN A/C REQUEST IS TOO CLOSELY LINKED TO WHAT I S HAPPENING. I DON'T SEE HOW WE CAN USE A MILITARY A/C. WHY DO YOU HAVE TO SA AY SO LONG IN ISRAEL? I HAD IN MIND YOU WOULD TRAVEL SEPARATELY, HOPE IN ISRAE L AT A COVERT LOCATION, AND PROCEED TO IRAN. I DON'T WANT A MEETING WITH MR. S HULTZ AND WEINBERGER.

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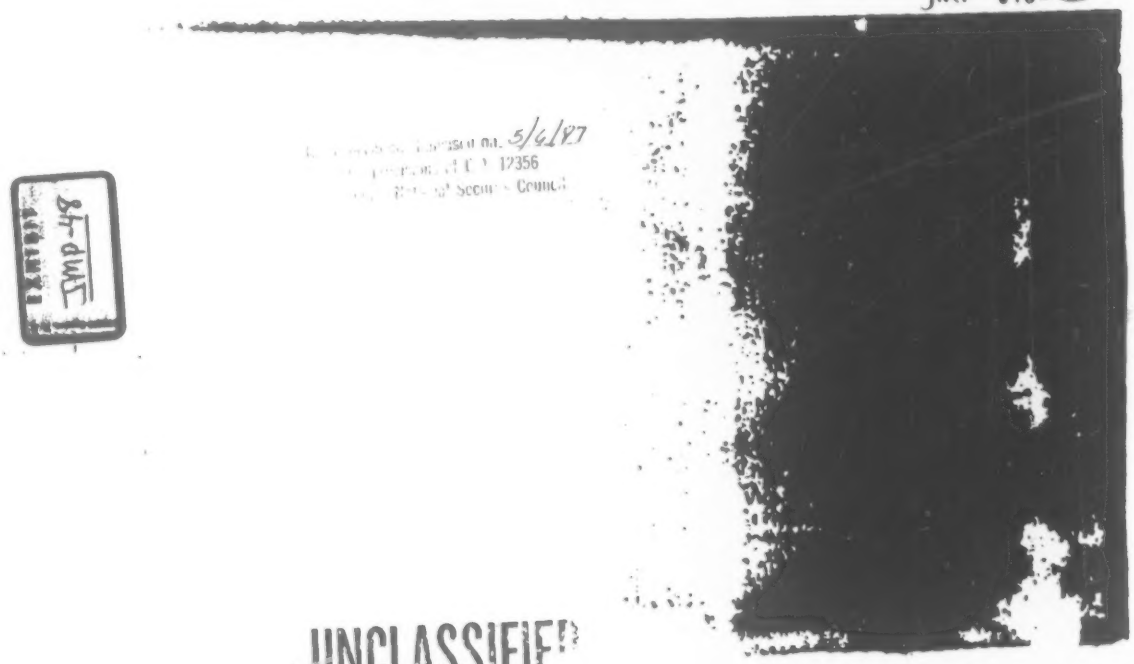
JMP 8/80 (18)



Declassified on: 5/6/87
[illegible] 12356
[illegible] Security Council

JMP-48

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EXHIBIT JMP-48

EXHIBIT JMP-49

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NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

11005

[redacted]

TOP SECRET [redacted] SENSITIVE

INFORMATION

May 14, 1986

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by S. Reger, National Security Council

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: VINCENT M. CANNISTRARO

SUBJECT: Agenda for Your Weekly Meeting With the DCI, Thursday, May 15, 1986

You are scheduled to meet with Director Casey and Deputy Director Gates in your office at 5:00 p.m. on Thursday, May 8, 1986. The following items are on the agenda, according to the DCI's staff:

[redacted]

TOP SECRET [redacted] SENSITIVE
Declassify on: OADR

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N 43471

1:92

TOP SECRET [redacted]

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[redacted]

-- Status of Ollie's Ship. Ollie has offered the use of a Danish vessel for [redacted] He first offered CIA a six month lease. CIA told me that they thought it was too expensive, and the cost and time involved in refitting the vessel for a [redacted] mission made the alternative option of outfitting a CIA owned vessel more attractive. Ollie then offered to take [redacted] from his vessel, using his own resources, [redacted] has told me that because of the alleged involvement of one Tom Clines (who was involved in Wilson and Terpil era), CIA will have nothing to do with the ship. Frankly, I can't tell whether this is just a convenient reason not to do what CIA was opposed to doing in the first place, or whether the concern about Cline is legitimate. In any event, Casey has a briefing paper on this which he will use if the subject is raised.

You may wish to raise the following item:

[redacted]

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TOP SECRET [redacted]

EXHIBIT JMP-50

THE WHITE HOUSE
WASHINGTON

SYSTEM II
90369
N 3872

SECRET

May 15, 1986

NOTED

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

DATE: Friday, May 16, 1986
LOCATION: White House Situation Room
TIME: 11:00 a.m. - 12:00 noon

FROM: JOHN M. POINDEXTER

EXHIBIT
JMP-50

I. PURPOSE

To resolve issues on aid to the Nicaraguan Democratic Resistance Forces (DRF) and our current posture in the Contadora process.

II. BACKGROUND

The delay in Congressional action on your aid proposal for the DRF, coupled with the ongoing Contadora discussions, are creating expectations and anxieties in the U.S. and in Central America. The resistance itself is increasingly desperate as available supplies are depleted. As of May 1, no further medical supplies or clothing are available. By mid-June the outside support the resistance has received will have been consumed, and no further significant support appears readily available.

As time goes on without any USG or outside assistance, the capabilities and morale of the resistance will be seriously debilitated. Despite our assurances to the Central American democracies, we still do not have a clear legislative path that will assure a positive vote in the next few weeks. This factor is also influencing Central American thinking on the Contadora accord.

Contadora negotiations are scheduled to resume in Panama on Friday, May 16. [redacted]

The Sandinistas will likely proclaim that they are prepared to sign another version of the treaty, containing proposals which our friends have rejected. We will then find ourselves engaged in a propaganda contest in which each side will claim the other is intransigent. Our objective should be to support our friends' position as a positive and constructive Central American effort to deal with the region's problems, while denouncing the Sandinistas for refusing to negotiate.

cc Vice President
Don Regan

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[redacted] This continues to be a volatile political issue which has created considerable speculation that a treaty is about to be signed by the Central Americans which would "sell out" the DRF. This NSPG meeting is an opportunity for you to clarify the facts and restate our position on Contadora:

-- The USG will support a verifiable and enforceable treaty which ensures that all the Contadora 21 Points are addressed.

-- That this country cannot and will not be a party to any agreement which does not assure that implementation of these 21 Points can be fully verified.

-- [redacted]

A consistent Administration position on Contadora, as indicated above, will be helpful in Central America and with the Congress. Our legislative experts advise that the only realistic vehicle for aid to the DRF is the Military Construction Bill which is pending Committee action in the House. We have indications that, while Speaker O'Neill will accept DRF aid amendments to this bill during the week of June 9, he has no intention of allowing it to pass. Even if such a vehicle passes in the House, we stand a good chance of filibuster in the Senate and the likelihood that no aid would be available until August or September 1986.

Given the urgency of the situation within the resistance, it is important that we identify measures which can provide some form of immediate assistance. Three options have been developed:

-- An immediate reprogramming of $15M from DOD to CIA for humanitarian assistance to the DRF. These funds would reduce your subsequent request from $100M to $85M. This action would require approval in the House and Senate Intelligence Committee, the Armed Services Committees, and the Defense Appropriations Sub-Committees. We can make a good case that this humanitarian assistance ($5M per month through August 1986) is essential to maintain the option of DRF pressure in order to improve prospects for a verifiable

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and enforceable Contadora agreement. Those who counsel delay on any DRF aid until after the Contadora process has "played out" can be deterred by the argument that a ceasefire under Contadora still requires the DRF to survive while "national reconciliation negotiations" are underway.

-- A Presidential appeal for private donations by U.S. citizens. Such a step would undoubtedly result in considerable domestic criticism and perhaps a Congressional move to make such activity unlawful. We would also have to ensure that donations were properly managed and disbursed in such a way as to support a broad based democratic resistance movement.

-- A direct and very private Presidential overture to certain Heads of State who are financially and politically capable of "bridging" the resistance needs until a more favorable Congressional environment obtains. Such a step would likely allow us to demonstrate the viability of the resistance without having to endure further domestic partisan political debate. This option has two significant liabilities:

- Public exposure would exacerbate the current partisan atmosphere.

- The foreign contributors would ultimately expect that their largesse would result in some kind of USG concession in their favor.

Finally, all agree that our policy in the region on both Contadora and the resistance requires you to increase your personal profile on the issues. If this meeting results in consensus on these two issues, we should quickly submit a Presidential Message to the Congress noting the immediate need for the $15M in non-military assistance to the DRF. Your Message should cite the consequences of a failure to act and its national security implications.

III. PARTICIPANTS: See clearance list at Tab B.

IV. PRESS PLAN: None.

V. SEQUENCE OF EVENTS: See agenda Tab A.

Prepared by:
Oliver North
Ray Burghardt

Attachments
Tab A - Agenda
Tab B - List of Participants

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THE WHITE HOUSE

WASHINGTON

SYSTEM II
90369

N 3875

SECRET

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

I. INTRODUCTION. . . . . .John Poindexter (2 minutes)

II. INTELLIGENCE BRIEFING . . . . . .Director Casey (5 minutes)

III. CONTADORA SUMMARY . . . . . .Secretary Shultz (10 minutes)

IV. RESISTANCE FUNDING OPTIONS. . . . . .John Poindexter (10 minutes)

V. DISCUSSION. . . . . .All (30 minutes)

VI. SUMMARY . . . . . .John Poindexter (3 minutes)

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Declassify: OADR

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[redacted]

N 3876

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

VP Office

Mr. Don Gregg

State

Secretary George Shultz
Assistant Secretary Elliott Abrams

Defense

Secretary Caspar Weinberger
Under Secretary Fred Ikle

CIA

Director William Casey
[redacted]

JCS

Admiral William Crowe
LTGEN John Moellering

White House

Mr. Donald Regan
Mr. William Ball
ADM John Poindexter

NSC

LTCOL Oliver North
Mr. Raymond Burghardt

[redacted]

UNCLASSIFIED
THE WHITE HOUSE
WASHINGTON

SYSTEM II
90369

N 3877

SECRET

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

I. INTRODUCTION. . . . . .John Poindexter
(2 minutes)

II. INTELLIGENCE BRIEFING . . . . . .Director Casey
(5 minutes)

III. CONTADORA SUMMARY . . . . . .Secretary Shultz
(10 minutes)

IV. RESISTANCE FUNDING OPTIONS. . . . . .John Poindexter
(10 minutes)

V. DISCUSSION. . . . . .All
(30 minutes)

VI. SUMMARY . . . . . .John Poindexter
(3 minutes)

SECRET
Declassify: OADR

UNCLASSIFIED

re to reply to note of 09/16/86 16:19 [redacted]

44

NOTE FROM: OLIVER NORTH
Subject: IRAN AND TERRORISM
I passed the info, o/o mentioning Him to both Clarridge and Casey. Clarridge believes that there may indeed be something to the effor ts

[redacted]

Will work w/ Casey on a meeting plan which he may wish to carry out after he

complete the hostage arrangements.

N 12528

You should be aware that the resistance support organization now has more than $6M available for immediated disbursement. This reduces the need to go to third countries for help. It does not, however, reduce the urgent need to get CIA back into the management of this program. We can only do this by going forward with the reprogramming proposal and getting the requisite authorities for CIA involvement. Unless we do this, we will run increasing risks of trying

to manage this program from here with the attendant physical and political liabilities. I am not complaining, and you know that I love the work, but we have to lift some of this onto the CIA so that I can get more than 2-3 hrs of sleep at night. The more money there is (and we will have a considerable amount in a few more days) the more visible the program becomes (airplanes, pilots, weapons, deliveries, etc.) and the more legislative will become people like Barry, Barnes, Harkin, et al. While I care not a whit what they say about me, it could well become a political embarrassment for the President and you. Much of this risk can be avoided simply by covering it with an authorized CIA program undertaken with the $15M. This is what I was about to say in the meeting today and a point that I believe Shultz does not understand in his advocacy of third country solicitation. I have no idea what Don Regan does or does not know re my private U.S. operation but the President obviously

JMP 8/69 (17)

[redacted]

EXHIBIT JMP-51

582

[redacted]

N 1252

FILE: AAT86 [redacted]10 WHITE HOUSE COMMUNICATIONS AGENCY

knows why he has been meeting with several select people to thank them for their "support for Democracy" in Cambia. In short, we need to proceed with the [illegible]. Shall I work this upfore regards, North

[illegible] [illegible] AND TELEGRAMS

MSG FROM: NSWHP --CP04 TO: NSJHP --CP04 05/16/86 16:02:01

To: NSJHP --CP04 JOHN M. POINDEXTER

JMP 5/20

[redacted]

583

EXHIBIT JMP-52

UNCLASSIFIED [redacted]

Jmp 7/59 (1-7)

UNCLASSIFIED

[redacted]

[illegible] FROM: JOHN [illegible]
Subject: PRIVATE BLANK CHECK

Out of the last NSPG on Central America Shultz agreed that he would think about third country sources. I wanted to get an answer from him so we could get out of the business. AS I understand the law there is nothing that prevents State from getting involved in this now. To my knowledge Shultz knows nothing about the prior financing. I think it should stay that way. My concern was to find out what they were thinking so there would not be a screw up. I asked Elliot at lunch. He said he had recommended [redacted] where Shultz is going to visit. They have lots of money [redacted] It seems like a good prospect. Shultz agrees. I asked Elliot how the money could be transferred. He said he thought Shultz could just hand them an account number. I said that was a bad idea not at all letting on that we had access to accounts. I told Elliot that the best way was for [redacted] to direct their embassy here to receive a person that we would designate and the funds could be transferred through him. Don't you think that is best? I still want to

EXHIBIT JMP-52

12545

#154

second put-down? JMP 7/58 6

[redacted]

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[redacted]

FILE: JUN86 OPSLOG#1 AO WHITE HOUSE COMMUNICATIONS AGENCY [redacted] UNCLASSIFIED

reduce your visibility. Let me know what you think and I will talk to George. I agree about CIA but we have got to get the legislation past.

PRIVATE BLANK CHECK

MSG FROM: NSOLN --CPDA TO: NSJHP --CPDA 06/10/86 23:21:58
TO: NSJHP --CPDA

*** Reply to note of 06/10/86 13:26
NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK

Hopefully you have by now been informed that NEO/FDN safely released the eight West Germans this evening just before dark at the religious commune at Cremillon. Franklin is headed North in attempt to get across the Rama Rd before the Sandinistas can close in on him. At this point the only liability we still have is one of DEMOCRACY INC.'s airplanes is mired in the mud (it is the rainy season down there) [redacted] They hope to have it out by dawn. On a separate but related matter: The reason why I asked to speak to you urgently earlier today is that Kay called Elliott Abrams regarding the third country issue. Elliott has talked to Shultz and had prepared a paper re going to the [redacted] and [redacted] for contributions. Elliott called me and asked "where to send the money." I told Elliott to do nothing, to send no papers andto talk to no one further about this until he talks to you. He is seeing you privately tomorrow. At this point I need your help. As you know, I have the accounts and the means by which this thing needs to be accomplished. I have no idea what Shultz knows or doesn't know, but he could prove to be very unhappy if he learns of the [redacted] and [redacted] aid that has been given in the past from someone other than you. Did BCR ever tell Shultz?

585

N 12546

[redacted]

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Partially Declassified/Released on [redacted]1997
under provisions of E.O. 12356
by D. Reger, National Security Council

F.→ performance?

N 12547

586

I am very concerned that we are bifurcating an effort that has, up to now, worked relatively well. An extraordinary amount of good has been done and money truly is not the thing which is most needed at this point. What we most need is to get the CIA re-engaged in this effort so that it can be better managed, than it now is by one slightly confused Marine LtCol. Money will again become an issue in July, but probably not until mid-month. There are several million rounds of most types of ammo now on hand and more ([illegible]) worth on the way by ship [redacted]. Critically needed items are being flown in from Europe to the expanded warehouse facility [redacted]. Boots, uniforms, ponchos etc. are being purchased locally and Calero will receive $500K for food purchases by the end of the week. Ponchos we will notify the wounded army of the triple A with not being able to see RR, [redacted] on the blueprints if we are going to do anything at all about outside support in the next few days, and I'd love to carry the letter from RR [redacted] if we are going to move on something. Meanwhile, I'd recommend that you get [redacted] talk about how much Doc Shultz does or does not know abt [redacted] so that we don't make any mistakes. I don't know who is the [redacted] there since [redacted] never told me. At this point I'm not sure who on our side knows what. Help. Best regards, Bobby

1093

: PRIVATE SLASH CHECK
ESG FROM: RJDGH --CPUA TO: RSJRP --CPUA 06/10/86 17:47:10
fo: RSJRP --CPUA

UNCLASSIFIED

3/5/96

587

EXHIBIT JMP-52A

UNCLASSIFIED [redacted]

TO: JOHN [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

MSG FROM: NSJMP --CPWA FC: NSPFB --CPWA 06/11/86 21:03:15
TO: NSJMP --CPWA

** reply to note of 06/11/86 16:15
-- [redacted] --
NOTE FROM: JOHN POINDEXTER
Subject: AID FOR PEPPCOR FIGHTERS
We should not mention [redacted] to anybody. Elliot said only Shultz and Bill are aware.
AID FOR PEPPCOR FIGHTERS

[redacted]

N 12550

EXHIBIT JMP-52A

Partially Declassified/Released on 4 Jan 1991
under provisions of E.O. 12356
by B. Regtr, National Security Council

JMP 7/67(6)

1694

UNCLASSIFIED [redacted]

EXHIBIT JMP-53

---- Reply to note of 09/01/85 13:2e UNCLASSIFIED N 4946

NOTE FROM OLIVER NORTH

Subject: PRIVATE BLANK CHECK

Hopefully you have by now been informed that [redacted] FDN safely released the eight west Germans this evening just before dark at the religious commune at Presillas. Franklin is headed North in attempt to get across the Rama Rd before the Sandinistas can close in on him. At this point the only [redacted] we still have is one of DEMOCRACY INC's airplanes is tired [redacted] the rainy season down there [redacted] They hope to have it out by dawn. On a separate but related matter. The reason why I asked to speak to you urgently earlier today is that Ray called Elliott Abrams regarding the third country issue. Elliott has talked to Shultz and had prepared a paper re going to [redacted] for contributions. Elliott called me and asked "where to send the money." I told Elliott to do nothing, to send no papers andto talk to no one further about this until he talks to you. He is seeing you privately tomorrow. At this point I need your help. As you know, I have the accounts and the means by which this thing needs to be accomplished. I have no idea what Shultz knows or doesn't know, but he could prove to be very unhappy if he learns of [redacted] aid that has been given in the past from someone other than you. Did RCM ever tell Shultz?

I am very concerned that we are bifurcating an effort that, up to now, worked relatively well. An extraordinary amount of good has been done and money truly is not the thing which is most needed at this point. What we most need is to get the CIA re-engaged in this effort so that it can be better managed than it now is by one slightly confused Marine LtCol. Money will again become an issue in July, but probably not until mid-month. There are several million rounds of most types of ammo now on hand and more ($3M) worth on the way by ship [redacted] Critically needed items are being flown in from Europe to the expanded warehouse facility [redacted] Boots, uniforms, ponchos etc. are bein g purchased locally and Calero will receive $500K for food purchases by the end of the week. Somehow we will mollify the wounded egos of the triple A with not being able to see RR [redacted] on the blowpipesif we are going to do anything at all about outside support in the next few days, and I wd love to carry the letter from RR [redacted] if we are going to move on something. Meanwhile, I wd recommend that you and RCM have a talk about how much Sec Shultz does or does not know at [redacted] so that we don't make any mistakes. I don't know who in the [redacted] knows since [redacted] never told me. At this point I'm not sure who on our side knows what. Help. Warm regards, North

Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by D. Rieger, National Security Council

EXHIBIT JMP-53

549

FAX: LOG [redacted] AD WHITE HOUSE COMMU...

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N 12565

EXHIBIT JMP-54

>>> Reply to note of 07/15/86 10:07

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NOTE FROM: CLIFF DUBTH

Subject: PAYOUT BLAME CHECK

We are rapidly approaching the [redacted] where the PROJECT DEMOCRACY assets in Centro need to be turned over to CIA for use in the new program. The total value of the assets (six aircraft, warehouses, supplies, maintenance facilities, ships, boats, leased houses, vehicles, ordnance, munitions, communications equipment, and a 6520' runway on property owned by a PRODEN proprietary) is over $8.5M.

All of the assets - and the personnel- are owned/paid by overseas companies with no U.S. connection. All of the equipment is in first rate condition and is already in place. It wd be ludicrous for this to simply disappear just because CIA does not want to be "tainted" with picking up the assets and then have them spend $6-10M of the $100M to replace it - weeks or months later. Yet, that seems to be the direction they are heading, apparently based on NSC guidance.

If you have already given Casey instructions to this effect, I wd vy much like to talk to you about it in hopes that we can reclaim the issue. All seriously believe that immediately after the Senate vote the DOF will be subjected to a major Sandinista effort to break them before the U.S. aid can become effective. PRODEN currently has the only assets available to support the D.F and the CIA's most ambitious estimate is 30 days after a bill is signed before their own assets will be available. This will be a disaster for the D.F if they have to wait that long. Given our lack of movement on other funding options, and Elliot [redacted] plea for PRODEN to get food to the resistance ASAP, PRODEN will have to borrow at least $2M to pay for the food. That's O.K., and Dick is willing to do so tomorrow - but only if there is reasonable assurance that the lenders can be repaid. The only way that the $2M in food money can be repaid is if CIA purchases the $8.5M+ worth of PRODEN equipment for about $2.25M when the law passes.

[redacted] told them where they can get them commercially free of US AID as excess - the same way PRODEN bought them under proprietary arrangements. It is just unbelievable. If you wish I can send you a copy of the PROJECT DEMOCRACY status report which includes a breakdown of assets. It is useful, nonattributable reading. Warm regards, Barth

) PAYOUT: BLAME CHECK

[redacted]

4 May 87

JMP 5/186 (18)

(1)

EXHIBIT JMP-54

589

EXHIBIT JMP-55

[redacted]

	ACTION		FILE
	APPROVAL	X	INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:
cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

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COMPARTMENTED INFO

TOP SECRET
N 43102

NSC/ICS CONTROL NO. 42013

COPY NO. _____ OF _____

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

TOP SECRET
UNCLASSIFIED

EXHIBIT
JMP-55

UNCLASSIFIED

27 June 1986

N 49103

~~SECRET~~

Lengthy meeting this afternoon with Gorba and Nir followed by discussion with [redacted] via phone. Following are salient points. [redacted] believes he has demonstrated his ability to perform and has expectations we are now prepared to deal. Despite our earlier and current protestations that we want all hostages before we deliver anything, this is clearly not the way they want to proceed. They see clearly that the ball is now in our court. In discussion with [redacted] he repeatedly asked quote - 'When are you going to deliver'. While [redacted] made no specific threat, he noted that he was under intense pressure and could not totally control events. We will call him back 28 July at 1100 Frankfurt time and urge that he come to Europe for a meeting and to do nothing rash in the meantime. We are trying to make this idea attractive - [redacted] Jenco has expressed a desire to thank the three world leaders responsible for his release. The Pope, The Archbishop of Canterbury and RR. The first two intend to oblige. Can we deliver on the last? Unodir we will call [redacted] in A.M. and urge him to meet us in Europe ASAP. Since it will take him several days to get authorization to come, we plan to return to D.C. via Pan Am 061 on 28 July and report to JMP in evening. Please advise via this channel if other instructions obtain. Warm regards. North/Cave

Bottom line, is that if we want to prevent the death of one of the three remaining hostages, we are going to have to do something.

MFR above is:

"Put this in sealed envelope and have Oliver pick it up"

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM IV
NSC/ICS-42013
N 49:04

July 26, 1986

~~TOP SECRET~~ COMPARTMENTED INFORMATION

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: American Hostages

Attached at Tab I is a memo from you to the President outlining what we know of the Jenco release. Attached at Tab II are talking points for use by Cave/North with Nir/Ghorbanifar/[redacted] in Frankfurt, GE.

Cave is departing Geneva tonight to meet North/Secord in Frankfurt tomorrow (Sunday) morning. Nir and Ghorbanifar depart London tomorrow and have called [redacted] to meet them in Frankfurt, GE, Sunday morning. The purpose of the meeting is to assess Iranian expectations and ability to release the remaining American hostages.

A draft of the DCI assessment on the American hostages and the Jenco release is attached at Tab III. This paper was prepared by Charlie Allen and Dewey Clarridge and has been delivered to Director Casey.

RECOMMENDATIONS

1. That you initial and forward your memo to the President at Tab I.

Approve ____ Disapprove ____

2. That you approve North travel to and from Frankfurt, GE, as described above.

Approve ✓ Disapprove ____

3. That you approve the talking points at Tab II.

Approve ____ Disapprove ____

Attachments
Tab I - Poindexter Memo to the President
Tab II - North/Cave Talking Points
Tab III - DCI Assessment of Hostage Situation

~~TOP SECRET~~ COMPARTMENTED INFORMATION

Declassify: OADR ~~TOP SECRET~~

NOTE: ITEMS 2 & 3 ARE INITIALED JP AS APPROVED

HER 7/26/86 Briefed President on memo plan President approved"

UNCLASSIFIED N 49105

TAB
I

[redacted]

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THE WHITE HOUSE

WASHINGTON

SYSTEM IV
NSC/ICS-42013
N 47106

[redacted] COMPARTMENTED INFORMATION

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: American Hostages

The release of Father Lawrence Jenco is a second positive step in our protracted and difficult dialogue with the Iranians. Father Jenco's release undoubtedly comes about as a result of Bud McFarlane's trip at the end of May and the continuing direct and indirect contacts we have had with Iranian officials. Our Israeli contacts and the Iranian intermediary in Europe advise that the Iranian Government now expects some reciprocal move on our part -- though exactly what, we are uncertain.

[redacted] the decision to release Father Jenco was made in Tehran on or about July 21. On Wednesday, July 23, our Israeli point of contact advised us that "if, as we hope, a hostage is released, it will be Jenco." It was also on this date that the Israeli point of contact (Amiram Nir) told the Iranian intermediary in Europe that the USG was breaking off all contact on this matter. We have also learned that July 24 was a key date in the most recent release:

-- The Iranian Government paid their European intermediary $4M on Thursday, July 24, as partial payment for HAWK missile parts, which were removed from our mission aircraft at the end of May. (It is important to note that in order to pay the Israelis for the HAWK missile parts, the Iranian intermediary in Europe borrowed more than $15M and has been under threat of death from his creditors. The Israelis regard this payment as further proof that the Iranians wish to continue the contact with the U.S. on the hostage issue.)

-- [redacted]

[redacted] COMPARTMENTED INFORMATION

Declassify: OADR

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[redacted]

COMPARTMENTED INFORMATION

N 49107

Our next step will be to have two USG representatives meet with the Israeli and Iranians in Europe, if possible, tomorrow in an effort to determine Iranian expectations. This is not a negotiating session, but rather an attempt to maintain contact and, if possible, assess how we should now proceed. To our knowledge, no new Israeli deliveries have occurred and all remaining HAWK missile repair parts are still in a covert depot in Israel.

Prepared by:
Oliver L. North

[redacted]

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COMPARTMENTED INFORMATION

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N 43108

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~~TOP SECRET~~ UNCLASSIFIED COMPARTMENTED INFORMATION

NORTH/CAVE TALKING POINTS

-- You Have seen the President's statement regarding the release of Father Jenco. This is very much in line with what your people had suggested.

-- Our government remains prepared to open direct and private discussions with your government leading to a normalization of relations.

-- We recognize the important role played by your government in the release of Father Jenco and regard this to be a very positive step.

-- It is important that there not be any misunderstandings or false expectations regarding the release of Father Jenco.

-- On every occasion, including our meetings in Tehran, we made it clear that we were not going to barter over the lives of human beings.

-- While we are not empowered to negotiate with you regarding any further deliveries of materiel, it is important that you recognize that the understanding we proposed in Tehran is still operative. We have been instructed to report back to our government any changes to this proposal.

-- We continue to believe that a direct channel of communication, which will prevent misunderstandings is important. As we indicated in Tehran, we are prepared to dispatch a [redacted] communications team to Tehran to faciliate this communication.

~~TOP SECRET~~ COMPARTMENTED INFORMATION
Declassify: OADR UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

May 23, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represents and embodies America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages/return of those killed (over time) is essential.

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~~SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in a Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

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III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

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N 49113

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[redacted]

July 26, 1986

MEMORANDUM FOR: Vice Admiral John M. Poindexter
Assistant to the President for
National Security Affairs

SUBJECT: American Hostages

After discussing the release of Father Lawrence Jenco with Charlie Allen and Dewey Clarridge, I believe it is important that you have our assessment of this development and prospects for release of additional hostages.

First, it is indisputable that the Iranian connection actually worked this time, after a series of failures. You will recall that the [redacted] Ghorbanifar connection also resulted in the release of Reverend Weir in September 1985. [redacted] After the impasse in Tehran over in late May, [redacted] continued to initiate direct contact with one of my officers, George Cave, even though the Iranians had been told that we were no longer interested in pursuing the matter. The fact that [redacted] persisted in contacting us indicates his desire to arrange a "deal" with Washington either through Ghorbanifar or, if necessary, with Cave. He also clearly wanted to keep a channel open. Amiram Nir, Special Assistant to the Prime Minister of Israel on Counter-Terrorism, has also played a critical role in a determined effort to force Iran to begin the release of American hostages. He has been supported by Prime Minister Peres and Defense Minister Rabin in this endeavor. In order to make the terms of the arrangements more palatable, Israel, on its own, offered additional arms "to sweeten the deal."

[redacted] On July 21, [redacted] To reinforce this commitment, he transferred $4M to a West European bank to pay his European intermediary for the HAWK spare parts removed from our mission aircraft in May. On Wednesday, July 23, when no hostage

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had been released. Ghorbanifar was instructed to inform [redacted] that "the deal was off." [redacted]

In return for the release, [redacted] probably expects to receive most of the HAWK spare parts not yet delivered, along with additional military equipment that Israel unilaterally has added to the arrangement. Once this equipment is delivered, [redacted] stated that Iran would take action to obtain the release of one more hostage and would pay the remainder of the money owed to the Iranian intermediary for the HAWK spare parts. [redacted] moreover, indicated a willingness to meet with U.S. officials again on these matters, either in Tehran or "somewhere else" -- presumably Western Europe.

This is how we see the current situation:

-- The Ghorbanifar [redacted] connection has worked for the second time -- and another American has been released.

-- Ghorbanifar is an uncontrollable factor, but appears to respond generally to Nir's direction.

-- Nir has every reason to work for further releases of our hostages. Peres and Rabin have put their reputation on the Ghorbanifar [redacted] connection and support Nir fully in his endeavors. There would be a considerable loss of face for Nir and his superiors if the link were broken. This connection appears to be the only hope they have for recovering their own missing soldiers.

-- [redacted] has now acted and likely expects the United States to respond quickly in turn by delivering most of the remaining HAWK spare parts. He probably believes the United States is also supplying the additional military equipment that has been promised.

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N 49116

-- If the deliveries do not occur, [redacted] will lose badly with his superiors in Tehran and matters could turn ugly, especially since the Lebanese Hizballah captors probably are not pleased with the Jenco release.

-- If there is no USG contact as a result of Jenco's release, it is entirely possible that Iran and/or Hizballah could resort to the murder of one or more of the remaining hostages.

In summary, based on the intelligence at my disposal, I believe that we should continue to maintain the Ghorbanifar-[redacted] contact and consider what we may be prepared to do to meet [redacted] minimum requirements that would lead to release of the rest of the hostages. Although I am not pleased by segmented releases of the American hostages, I am convinced that thi[redacted]ay be the only way to proceed, given the delicate factional bal[redacted]ce in Iran. I also see resolution of the hostage issue as potentially leading to contacts with moderate factions in Iran that we may be able to deal with in the longer term.

William J. Casey

UNCLASSIFIED

DRA

EXHIBIT JMP-56

~~TOP SECRET~~ DECLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM IV
NSC/ICS-40285

~~TOP SECRET~~

July 29, 1986

ACTION

JMP-56

N 44486

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Next Steps on the American Hostages

[redacted]

[redacted] Father Jenco is scheduled to meet with the President on Friday, August 1, at 2:00 p.m.

Based on information derived from [redacted] our discussions with Ghorbanifar, Nir, and [redacted] and the [redacted] we have drawn the following conclusions:

-- Jenco was released as a direct result of action taken by [redacted] on or about July 21.

[redacted]

~~TOP SECRET~~
Declassify: OADR

~~TOP SECRET~~ DECLASSIFIED

1216

UNCLASSIFIED

[redacted]

-- [redacted] believed that he had consumated an arrangement with the Americans through Ghorbanifar on the terms for release of the hostages.

-- [redacted] expectations regarding the immediate delivery of the 240 HAWK missile parts were apparently transmitted to higher authority in Iran. Discussions with [redacted] in Europe (Sunday, July 27) and calls from him today indicate that [redacted] is in considerable personal jeopardy as a consequence of not having received what he believed we promised.

-- It is entirely possible that if nothing is received [redacted] will be killed by his opponents in Tehran, Ghorbanifar will be killed by his creditors (they are the beneficiaries of a $22M life insurance policy), and one American hostage will probably be killed in order to demonstrate displeasure.

-- Although the Dawa 17 in Kuwait continue to be mentioned as the ultimate demand on the part of the hostage holders, [redacted] we have not seen reference to this issue since our meeting in Tehran (Tab B).

It is obvious that the conditions for the release of the hostages arranged between Ghorbanifar and [redacted] are unacceptable. Nonetheless, we believe that Ghorbanifar acted on what he considered to be the following arrangement:

Step 1: One hostage released and $4M to Ghorbanifar for items removed from the aircraft in Tehran during the May visit (Ghorbanifar received the $4M on July 28).

Step 2: Remainder of 240 parts plus full quota of electron tubes (Item 24 on Iranian parts list) and 500 TOWs delivered to Iran.

Step 3: Second hostage released and Ghorbanifar paid for remainder of 240 parts.

Step 4: 500 TOWs and 1 HIPAR radar delivered.

Step 5: Third hostage released and Ghorbanifar paid for one radar.

Step 6: Meeting in Tehran to discuss future followed by release of the last hostage and delivery of second HIPAR radar.

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~~TOP SECRET~~ UNCLASSIFIED

N 44488

We believe that the mixture of HAWK parts and TOWs is designed to satisfy both the military and the revolutionary guards in Iran. At this point, [redacted] will probably be able to retain his credibility if just the 240 parts are delivered from Israel. We believe that he can be convinced to follow-up this delivery with a meeting in Europe to discuss next steps.

At such a meeting, we should endeavor to produce a concrete schedule that is agreeable to both parties and which allows all remaining hostages to be released simultaneously. The Jenco release [redacted] indicate that this is clearly within the power of the Iranians, if they are so inclined. While they will continue to haggle over prices, timing, and sequence, the delivery of the 240 should help to assure the Iranians that we will keep our word. It is important that a face-to-face meeting occur so that we can establish the terms rather than having Ghorbanifar negotiate for us. Finally, even after the parts are delivered, we still retain some leverage over [redacted]

-- [redacted]

-- [redacted]

RECOMMENDATION

That you brief the President regarding our conclusions on the Jenco release as indicated above and obtain his approval for having the 240 HAWK missile parts shipped from Israel to Iran as soon as possible, followed by a meeting with the Iranians in Europe.

Approve [signature] 7/30/86 Disapprove ____

President approved.

[signature]

Attachments

Tab B - [redacted]

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UNCLASSIFIED

N 44489

[redacted]

7 pages WITHDRAWN
LDX 4/20/87

[redacted]

[redacted]

UNCLASSIFIED

EXHIBIT JMP-57

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

Non-Log [redacted]

September 8, 1986

N 2807

~~TOP SECRET~~ SENSITIVE

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Next Steps with Iran

Attached at Tab I is a non-paper which provides an update on the current situation for your use in discussing next steps with the President. This paper supplements the previous paper forwarded on September 3, 1986 and has been prepared in conjunction with CIA.

[redacted]

RECOMMENDATION

That you use the attached papers in discussing our next steps with the President.

Approve ✓ Disapprove ____

Attachments
Tab I - Supplement Paper on Next Steps with Iran
Tab II - Allen Memo to Poindexter of September 8, 1986

Partially Declassified/Released on 29 June 1987
under provisions of E.O. 12356
By B. Rieger, National Security Council

1327
EXHIBIT
JMP-57

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE
Declassify: OADR [redacted]

~~TOP SECRET~~ TOP SECRET ~~SENSITIVE~~

Supplement

NEXT STEPS WITH IRAN

N 2808

Ongoing Activities

Last week, we summarized the five separate activities we have underway in our effort to resolve the American hostage situation and broaden our relationship with the Government of Iran:

--

--

--

-- Rafsanjani: In coordination with the CIA, Copp and his associates have kept in contact with Majlis Speaker Rafsanjani has now advised that "the several factions in Tehran have agreed to a serious discussion with American officials, preferably in Europe next week." As previously indicated is fully aware of the May trip to Tehran and the ongoing activity involving and Ghorbanifar. continues to indicate that he has a specific mandate from to meet with USG officials seeking a means for "getting beyond the hostage issue" and starting a dialogue with the USG.

-- Ghorbanifar: Pursuant to guidance, efforts were made over the weekend to convince to release of all three Americans simultaneously. steadfastly rejected this proposal citing the intransigence of the captors and Iranian inability to ensure results.

Since last week, CIA and Army Logistics have located a significant number of HAWK parts which had previously been listed as "unavailable." We now believe that the total "package" will be sufficient to entice the Iranians to proceed with the sequential release pattern proposed in the London meetings.

~~TOP SECRET~~

N 2809

Since Sunday [redacted] has sought, in dozens of calls, to contact Abe, Goode, Sam, and Copp. This afternoon, when Sam returned call to him he told Sam that his "boss approved of the meeting that was to take place" and referred specifically to the meetings two weeks ago with Rafsanjani [redacted] in Brussels. CIA evaluates this information as confirmation that Rafsanjani may be moving to take control of the entire process of the U.S. relationship and the hostages.

Other Issues

[redacted] Given the urgency of calls from Iran and Rafsanjani's apparent willingness to endorse U.S./Iranian discussions, Iran may be making all possible attempts to acquire requisite arms [redacted]

Director Casey conducted a review of the Iranian project today and has directed his people to initiate necessary preparations for acquiring the parts promised in earlier discussions with the Iranians. CIA continues to believe that the [redacted] Ghorbanifar connection is the only proven means by which we have been able to effect the release of any of the hostages. Though the sequential plan is not what we prefer, the commodities and quantities are within the framework of our original understanding. CIA believes that we should proceed expeditiously with arrangements to implement the sequential plan proposed by [redacted] -- with hopes that we could improve on it in discussions with Rafsanjani's representatives when they arrive in Europe. In this regard, our window of opportunity may be better than it will ever be again, if we are able to consummate the release of the hostages before the Iranian offensive begins.

Document

(N 2810 – 2811) [2 pgs]

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EXHIBIT JMP-58

Declassify Declass: 10/Reviewed on January 2007 under provisions of E.O. 12356 By R. Wright, Jr., National Security Council

~~TOP SECRET~~ UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Non-Log [redacted]

N 2927

September 15, 1986

~~TOP SECRET~~

ACTION

303

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Follow-on Meeting with Amiram Nir

You are scheduled to meet with Ami Nir again this afternoon at 1:30 p.m. for 10 minutes. Purpose of this meeting is to debrief Nir on his meetings with Peres over the weekend. You will then be able to brief the President on Peres' views [redacted]

[redacted]

RECOMMENDATIONS

1. That you privately discuss the papers at Tabs I and II with Director Casey and indicate next steps after the conversation.

Approve ✓ Disapprove ___ Use notes on Tab II. Discuss Tab I

2. That you brief the President on the initiatives outlined at Tab III.

Approve ✓ Done Disapprove ___

Attachments

[redacted]

Tab III - Possible Peres Discussion Items with the President

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Declassify: OADR

TOP SECRET

1768
EXHIBIT
JMP-58

Document
N-2928-2930
(3 pgs)
Deleted in
its Entirety

[redacted] UNCLASSIFIED September [redacted]

N 2931

POSSIBLE PERES DISCUSSION ITEMS WITH THE PRESIDENT

Amiram Nir, the Special Assistant to Prime Minister Peres on Counter-Terrorism, has indicated that during the 15 minute private discussion with the President, Peres is likely to raise several sensitive issues:

[redacted]

-- Hostages: Several weeks ago, Peres expressed concern that the U.S. may be contemplating termination of current efforts with Iran. The Israelis view the hostage issue as a "hurdle" which must be crossed enroute to a broadened strategic relationship with the Iranian government. It is likely that Peres will seek assurances that the U.S. will indeed continue with the current "joint initiative" [redacted] In that neither Weir nor Jenco would be free today without Israeli help (particularly in logistics), it would be helpful if the President would simply thank Peres for their discrete assistance.

[redacted]

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Declassify: OADR

UNCLASSIFIED

EXHIBIT JMP-59

UI: [illegible]

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

Non-Log

N 9099

October 2, 1986

TOP SECRET

SENSITIVE

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Next Steps with Iran

[redacted] called Dick this morning to advise that he had just returned from Beirut and would very much like to meet with us in Frankfurt, Germany, on Monday, October 6. He indicates that he has "good news" regarding the hostages and that he wishes to get past the "obstacle" as quickly as possible. An appropriate travel approval is attached at Tab I.

George Cave is taking a well-deserved "mini-vacation" in Rome. We are telling all callers that he is in the hospital for tests on his back. In accord with [redacted] request, the U.S. side would be represented by: Sam O'Neil, Copp, and Goode.

This meeting also affords us the opportunity to deal with the issue of Israeli cooperation. Mir has been calling daily (often several times) urging that we get on with the process in our "joint venture." He constantly cites his September 10 meeting with you as the basis for proceeding urgently. Because we have not told him about our intention to pursue the [redacted] first, he continues to encourage Ghorbanifar to raise the requisite funds for another delivery. Ghorbanifar, in turn, has a frequent dialogue with [redacted] in this regard. All of this tends to create confusion among the various participants and an unnecessary OPSEC vulnerability. We need to act now to reduce the number of channels into the Iranians (at least on a temporary basis) and clarify various roles and missions. [redacted]

We (Cave, Clarridge, [redacted], and Copp) believe that we should move promptly on both fronts as follows:

-- [redacted] O'Neil, Copp, and Goode meet with [redacted] in Frankfurt on Monday, October 6. [redacted] has indicated that he has an internal consensus on how to proceed with regard to the hostages "obstacle." He has said that he will bring with him to this meeting "one of the officials we met with in

TOP SECRET
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SENSITIVE

NCMEM 12/15

Declassified [redacted] (12 May 97)
under [redacted]
by D. Rajk, [redacted] Cou

EXHIBIT
JMP-59

UNCLASSIFIED

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Tehran" and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was here. Based on this, we believe that [redacted] may well accompany [redacted]. You will recall that [redacted] request for intelligence was very specific (the details were forwarded to you via PROFs). While the sensitivity of providing this information is well-recognized, it must also be noted that intelligence was given a higher priority by [redacted] than any other assistance we could provide. In the Casey [redacted] Cave-North meeting we had with you after [redacted] departed, we all agreed that it was unlikely that providing such information would change the course of the war. Further, we all recognized that the information need not be accurate and that it was highly perishable given the dynamic nature of the conflict. In short, we believe that a mix of factual and bogus information can be provided at this meeting which will satisfy their concerns about "good faith" and that we can use the "perishible argument as an incentive for the Iranians to accept a CIA communications team in Tehran. As before, we would not leave any documents with the Iranians, but will provide an exposition during which they could take detailed notes. Director Casey needs to be told to prepare the intelligence for handcarry to the meeting.

[redacted] has said he is bringing a Koran for the President. As a reciprocal gesture, we have purchased a Bible which we would present to [redacted] for him to take back to Tehran with him. Given our earlier discussions (see transcript), it would be very helpful if the President would inscribe a brief note citing a particular biblical passage (Tab III) in the front of the Bible. This particular excerpt is important in that it is a new testament reference to Abraham, who is viewed by Moslems, Jews, and Christians as the progenitor of all the world's nations. It would be most effective if the President hand wrote the inscription and initialed/signed it without addressing the note to any particular person.

-- Nir: When Amiram was here, we made a conscious decision not to apprise him of our near-term efforts with Rafsanjani's [redacted]. We did inform him earlier of the contact and he continues to inquire regarding the status of this initiative. Meanwhile, lacking guidance to the contrary, Nir has sought to stimulate further activity between Ghorbanifar and [redacted]. This has resulted in [redacted] calling directly to George's home and office several times daily and considerable confusion regarding why we have not accepted the [redacted] Ghorbanifar "offer" to purchase the remaining HAWK spare parts and 500 TOWs.

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From an operational perspective, the current communications arrangements are a command and control/OPSEC nightmare (Tab II). Nir essentially controls our access to both [redacted] and Ghorbanifar and, thus, we often find ourselves reacting to his well intentioned efforts. We believe that we now have an opportunity to change the relationship in such a way that Nir is placed in a supporting role rather than acting as a primary source of control. We also recognize that Israel's participation in this activity is both politically and operationally important. In altering Nir's status, we need to do so in such a way that he and those officials in his government who are cognizant continue to perceive that this is still a "joint venture."

In order to accomplish the objectives outlined above, we propose that on Saturday, October 4, Copp would fly to Tel Aviv and meet with Nir. At the meeting, Copp would use the talking points at Tab IV. In an effort to ameliorate Nir's angst over his "new status," we urge that the letter at Tab V to Prime Minister Peres be signed by the President. If you agree, we need your approval of the talking points at Tab IV and a Presidential signature (real or autopen) on Tab V by 3:00 p.m. Friday, October 3.

The steps above are designed to give us a chance to make the new relationship through the [redacted] function without destroying the Ghorbanifar [redacted] channel. We would, in effect, put Ghorbanifar [redacted] on "hold" until we see what [redacted] produces. Please note that when Copp briefs Nir in Tel Aviv on Saturday, he will not reveal that he is enroute to Frankfurt to meet [redacted]. Given [redacted] strong antipathy toward the Israelis and our uncertainty as to whether or not he knows that Nir (aka Miller) is Israeli, we would tell Nir on Sunday night that we were going to a hastily arranged meeting with [redacted] which he (Nir) will be unable to make due to lack of connecting flights to Frankfurt.

[redacted] has already told us, that shortly after the October 6 meeting, there will be a follow-on meeting of the "joint committee" in which [redacted] will be a participant. Unless we are convinced that the Iranians would recognize Nir as an Israeli, we would intend to invite Nir to this follow-on meeting.

A memo from you to the President has not been prepared for obvious reasons. It is hoped that between now and 3:00 p.m. Friday you will have an opportunity to privately discuss this with the President and obtain his approvals/signatures on the steps indicated above.

UNCLASSIFIED

~~TOP SECRET~~ 4 SENSITIVE

RECOMMENDATIONS

1. That you initial the travel authorization sheet at Tab I.

Approve ✓ Disapprove ____

2. That you tell Director Casey to prepare an appropriate intelligence package by Saturday, October 4, for the meeting with [redacted] on Monday (departure Sunday evening).

Approve ____ Disapprove ____

3. That you have the President inscribe the attached Bible with the passage at Tab III (a card is paperclipped at the appropriate place in the Bible).

Approve ✓ Disapprove ____

4. That you approve the talking points at Tab IV for use by Copp with Nir on Saturday, October 4.

Approve ✓ Disapprove ____

5. That you obtain a Presidential signature on the letter to Prime Minister Peres at Tab V.

Approve ✓ Disapprove ____

Attachments

Tab I - Travel Authorization Sheet
Tab II - Diagram
Tab III - Bible (for Presidential inscription)
Tab IV - Copp Talking Points
Tab V - Presidential ltr to PM Peres

UNCLASSIFIED

~~TOP SECRET~~ SENSITIVE

UNCLASSIFIED

DATE: October 3, 19[illegible]

1. TRAVELER'S NAME: Mr. William P. Goode

2. PURPOSE(S), EVENT(S), DATE(S): Official travel to Frankfurt, GE, on Monday, October 6, to meet with our contacts regarding the current situation in the Middle East.

3. ITINERARY (Please Attach Copy of Proposed Itinerary):

10/5	Depart	8:00 p.m.	Dulles Airport	PanAm 860
10/6	Arrive	9:20 a.m.	Frankfurt, GE	
10/7	Depart	12:45 p.m.	Frankfurt, GE	PanAm 861
10/7	Arrive	4:40 p.m.	Dulles Airport	

DEPARTURE DATE Sun, Oct 5 RETURN DATE Tues, Oct 7

TIME 8:00 p.m. TIME 4:40 p.m.

4. MODE OF TRANSPORTATION:

GOV AIR____ COMMERCIAL AIR XX POV____ RAIL____ OTHER____

5. ESTIMATED EXPENSES:

TRANSPORTATION $1872.00 PER DIEM XX OTHER____ TOTAL TRIP COST____

6. WHO PAYS EXPENSES: NSC XX OTHER____

7. IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A

8. WILL FAMILY MEMBER ACCOMPANY YOU: YES____ NO XX

9. IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler Describe Source and Arrangements): N/A

10. TRAVEL ADVANCE REQUESTED: $ 0.00

11. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):

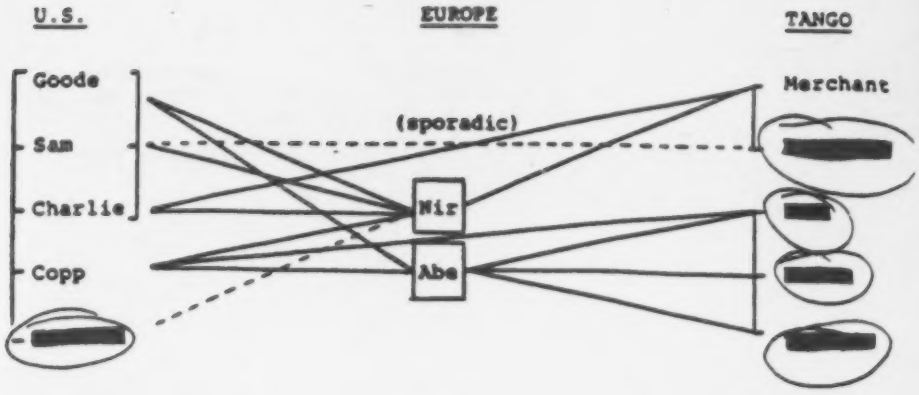
12. TRAVELER'S SIGNATURE: W. P. Goode

13. APPROVALS:

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED September 30, 1986
N 9104

COMMUNICATIONS NETS



From an OPSEC perspective, there are too many channels into (and out from) the U.S. We can't hope to have this many players speak with one voice -- no matter how "good" they are individually.

Recommendation: Pare the U.S. communicators down to no more than two individuals (who either compare notes directly each day, or report to a common supervisor); e.g., Sam and Copp, who both report daily to North. Cut Charlie/[redacted], and anybody else out. Have them stop communications cold turkey (to support cover story of A-[redacted] channel being blown, rolled up, and finished).

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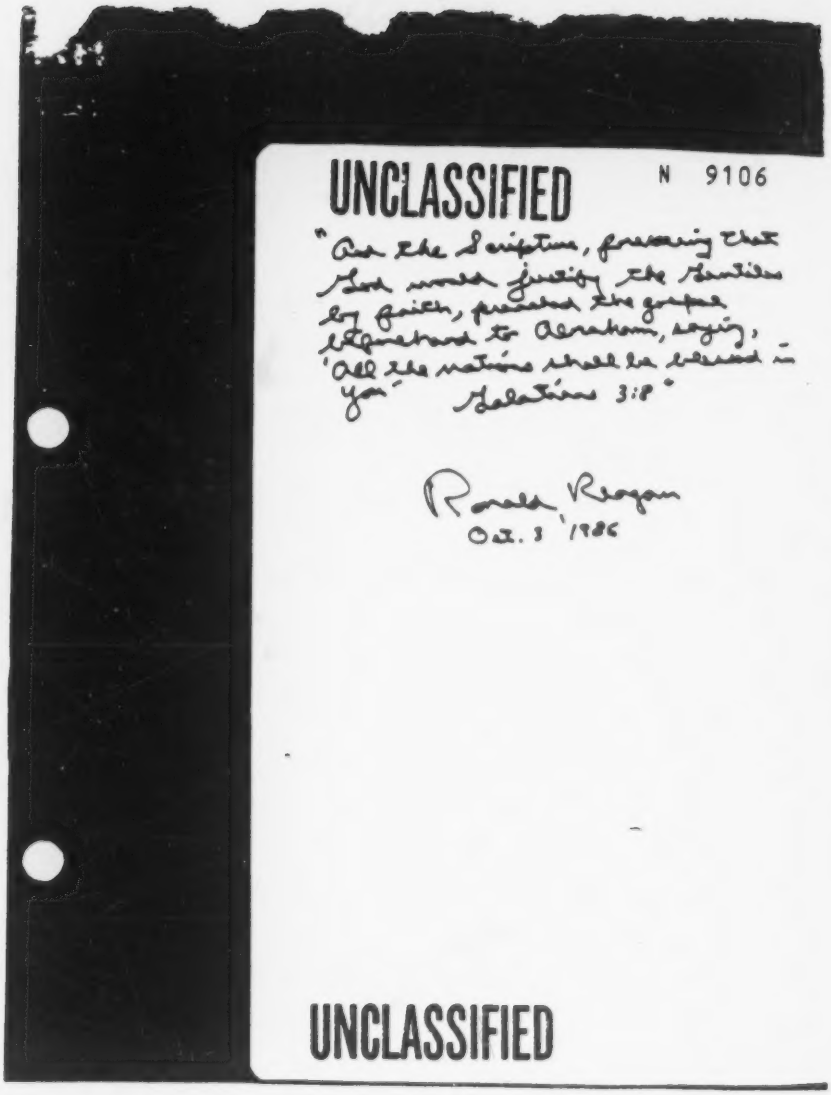
Declassify: OADR

UNCLASSIFIED N 9105

INSCRIPTION BY PRESIDENT:

"And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying, 'All the nations shall be blessed in you'.

Galatians 3:8"



UNCLASSIFIED

N 9106

"And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying, 'All the nations shall be blessed in you.' Galatians 3:8"

Ronald Reagan
Oct. 3 1986

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

INSTRUCTIONS TO COPP FOR MEETING WITH NIR

Saturday, October 4, 1986 N 9107
Tel Aviv, Israel

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

-- ADM Poindexter has directed that I see you regarding our current Ghorbanifar [redacted] channel and discuss with you ways in which we can move together to accomplish our mutual objective -- a strategic relationship with Iran.

-- [redacted]

-- We believe that the first new hostage (Reed) was probably taken by elements other than Hizballah -- although they may have him in their hands now.

-- We think that [redacted] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).

-- Quite the contrary is true. The President is adamant that we will not move forward on this channel until we resolve the new hostage issue.

-- We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.

-- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

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Declassify: OADR

UNCLASSIFIED

~~TOP SECRET~~ SENSITIVE

N 9108

-- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.

-- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.

-- We know [redacted] that neither [redacted] nor other Iranian officials in Tehran trust Ghorbanifar. [redacted]

-- Finally, both of us know that [redacted] himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.

-- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.

-- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to [redacted] until we resolve these issues.

-- Several months ago, I apprised you of a contact with the [redacted] of Rafsanjani. The USG decided to pursue this contact to determine its validity.

-- We are confident that [redacted] the man I met with in Brussels, is indeed Rafsanjani's [redacted] and that he has been franchised to act as a liaison between the U.S. and Iranian governments.

-- When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project.

-- I have been instructed to seek out a second meeting with [redacted] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

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UNCLASSIFIED

~~TOP SECRET~~ SENSITIVE

-- Once we have established direct USG contact with the [redacted] we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.

-- Based on my one initial meeting with [redacted] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [redacted] as a consequence of looking into the possible diversion of TOWs through [redacted] during an investigation undertaken in late July/early August.)

-- While we explore the sincerity of [redacted] and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[redacted] channel on "hold."

-- To that end, we have told Sam -- who is in the hospital -- he is to contact [redacted] and tell him that:

- there must be a meeting with [redacted] before we proceed any further;

- the issue of the two new hostages has become a strong, negative factor in proceeding at all;

- this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;

- the problem is not the merchant and his financing, but rather the two new hostages;

- contrary to what he [redacted] may expect, there will be no further deliveries until we have met and resolved this matter;

- we have asked [redacted] to meet with us in Frankfurt on October 9 -- we do not yet have an answer.

-- I intend to meet with [redacted], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.

-- I want to caution you, however, that in my meeting in Brussels [redacted] indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

~~TOP SECRET~~ SENSITIVE

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED N 9110 SENSITIVE

-- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.

-- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.

-- If my meeting with [redacted] this week goes well, I would expect that all of us could meet with him next week.

-- In the interim, if [redacted] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

Approved _____

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

Document

N 9111

Deleted in

its Entirety

EXHIBIT JMP-60

UNCLASSIFIED

[redacted]

N 18044

UNCLASSIFIED

[redacted]

[redacted]

[redacted]

EXHIBIT JMP-61

U.S. PROPOSAL

IRAN PROVIDES FUNDS FOR 500 TOWS
AND REMAINDER OF HAWK PARTS

(WITHIN 9 DAYS WE DELIVER PARTS + TOWS (500)
PLUS MEDICAL SUPPLIES

ALL AMERICAN HOSTAGES RELEASED

[redacted] IRAN PROVIDES FUNDS FOR 1500 TOWS

WITHIN 9 DAYS WE WILL DELIVER

- 1500 TOWS
- TECHNICAL SUPPORT FOR HAWKS
- UPDATED INTELLIGENCE ON IRAQ
- COMMUNICATIONS TEAM

(WE WILL THEN
- RELEASE PARTS
SEVEN BODY OF BUCKLEY
- PROVIDE COPY OF BUCKLEY DOSSIER

EXHIBIT
JMP-61

75-935 0226

• TEAMS WILL THEN WORK TO RECRUIT
OTHER HOOKERS.

EXHIBIT JMP-62

THE LIBRARY OF CONGRESS
WASHINGTON, DC 20540

TRANSLATION OF LETTERS

Congressional Member or Committee: Senate Select Comm on Secret Military Assistance to Iran and the Nicaraguan Opposition

Language: Persian

Material Submitted: article

Date of Material: June 5, 1987

Name and Address of Sender:

Suggested Solution:

Translated by: Ibrahim V. Fourhadi, African and Middle Eastern Area Studies Research Service, G.A.
(Name, Division, Department)

Date: June 8, 1987

[X] Complete [ ] Abstract—Please call the Congressional Research Service (287-5700), if a complete translation is desired.

Nahe 18, 1365 (October 8, 1986)
Time of Discussion early afternoon to late at night.
Description of us and Rafsa

1. Iran pays the 500 TOWS to MEKIN and if willing, Iran will provide the funds for the HAWK spare parts which remain from the earlier agreement.

2. In 9 working days, the 500 TOWS and the HAWK spare parts (pending Iran's approval), and free (gifted) medicines will be delivered to Iran.

3. Before item 4 as stated below is carried out, Albert will present the plan for the release of the 17 Kuwaitis imprisoned in Kuwait.

4. ... and one-half (1 definitely and the 2 with sympathic effort) American hostages in Lebanon, through the effort of Iran, will be freed from the hands of the Lebanese. (3-4 days after the delivery of point 2 item).

EXHIBIT JMP-62

Translator's Comments:

Establishing letter of credit thereof, will be studied by Ghorbanifar and Ali [redacted] by arrow night.

1500 TOW and maximum of 100 launchers), within 3 days after the execution of item mentioned above, will be delivered to IRAN. IRAN will pay the money for 1500 TOWS (the 500 TOWS mentioned above and also additional 1000 TOWS and on the 1000 TOWS will be delivered to IRAN within nine days.

6. America will support IRAN with technical assistance, material and specialized know-how, reorganize the military intelligence, maps and communication links. Also prepare the Cart related to the items provided by Ali [redacted] indicating price and delivery to IRAN.

7. Before returning to Tehran, the case of the Iranian prisoners (Shi'ite) in Lebanon and the manner of their release should be studied with Record and parties involved).**

8. IRAN will pursue its efforts for establishing the ground for the release of the rest of the hostages.

9. The steps for delivery of items referred to in the second part of item 6 mentioned above will start.

*The Letter of Credit will be opened in favor of Mr. Ghorbanifar and will make the money for the 500 TOWS available by utilizing 60 percent of the Letter of Credit.

**After discussion between Mr. Record and Mr. Hamil, it was agreed regarding to Shiite prisoners that letter be written "Israel and its Lebanese organization" Text will be written in the following manner . . .

Translation by Albert Hakim of

the Farsi Original of the "9 Points"

Note: The date is the 16th day of the 7th month of the Iranian year which I believe corresponds to 8 October 1986, but needs to be checked. It also indicates the discussions started in the afternoon and lasted until late at night.

Summation of Us and Hakim

1. Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the Hawk spare parts which remain from the previous agreement.

2. Nine working days from now the 500 TOWs and the Hawk spare parts (if accepted by Iran) and the gifted medicines will be delivered to Iran.

3. Before executing Item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).

4. 1 1/2 (1 definitely and the 2nd with all effective possible effort) American hostages in Lebanon, through the effort of Iran, will be released by the Lebanese.

5. Using the Letter of Credit method, (three to four days after delivery of shipment stipulated in Item 2) additional 500 TOWs (together with a maximum of 100 launchers), within four days after the execution of Item 4 above, will be delivered to Iran. The method of Letter of Credit will be reviewed between Albert and Oliver (Ali) by tomorrow night. Iran will pay the funds for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) and the 1000 TOWs will be delivered to Iran within nine days.

6. The United States will start with the technical support of the Hawks (material and know-how), update of the military intelligence and maps, establishment and commissioning of the special communication link.

and will prepare the chart related to the items (provided by Mr. _____) indicating price and delivery to Iran.

Israel and its cover organization, La Mad. and the text written in the Seven Step Document of Mr. North (illegible)

**7. Before the return of Mr. NO NAME to Tehran, the subject of the Moslem prisoners (Shia) in Lebanon and the manner of their release by the involved parties will be reviewed by Mr. Secord.

8. Iran will continue its effort for creating the grounds for the release of the rest of the hostages.

9. The steps for delivery of items referred to in the second part of Item 6 above will start.

The Letter of Credit will be opened in favor of Mr. Hakim and he will make the money for the 500 TOWs available by using 80% of the Letter of Credit.

** After discussion between Mr. Secord and Mr. Samii (Manucher Ghorbanifar) it was agreed regarding regarding the Moslem prisoners that the sentence (text) will be written in the following manner:

Israel and its .....

Shakastah = broken
So ordinary person would not be able to read —
Bazaari people —

EXHIBIT JMP-63

this 86-10-24

UNCLASSIFIED

Washington, D.C. 20505

JMP-63

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments on the Hostage Situation

I 0195

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on $4.5 million bond. Roy claims that Evans owes him $200,000.

2. Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghobanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghobanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schimmel was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghobanifar also made a total of four trips to Washington. Ghobanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schimmer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was $5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was $6 million. This allowed for $1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent $5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal.

1 0196

4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised $15 million to cover the deal $5 million from an Arab financier, and $10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that $3 million would be added to the price to cover profit and expenses and also another $2 million would be added to cover monies owed to Nir. The price to the Iranians would then be $20 million. (Why did Ghobanifar charge $24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original $15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the $100 million aid to the Contras was passed by Congress.

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of $24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over $24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for $3 million and the other for $5 million. As originally agreed upon, the Arab investor was supposed to get back $6 million for his cut and the Canadians would get back $11 million. The other $1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the $1 million. To the $8 million that Ghobanifar received, he added $100,000 of his own funds. The Arab investo was paid off ($5 million). The two Canadians received $1.1 million. Roy was not sure but presumably the $2 million went to Nir.

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Originally, the Canadians were given a check by Khashoggi in the amount of $11 million to cover the $10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received $4 million from the Iranians in July. He also received $8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for $6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a $6 million deduction. According to [redacted] the $8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to [redacted] $7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

Sincerely,

Willian J. Casey

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EXHIBIT JMP-64

Weekly Compilation of

Presidential Documents

Monday, November 17, 1986
Volume 22—Number 46
Pages 1549–1572

er united and committed to this cause. I think we represent a powerful force for humanity. And when that happens, there'll be no sanctuary on Earth for those who were pilfering human dignity and pandering despair.

So, I'm counting on all of you, and I'm looking forward to hearing your views now. Maybe you've heard enough from all of us at this side.

Note: The President spoke at 1:35 p.m. in the Cabinet Room at the White House.

U.S. Ambassadors to 21 countries attended the 2-day conference, which was held at the White House.

Iran-United States Relations

Address to the Nation. November 13, 1986

Good evening.

I know you've been reading, seeing, and hearing a lot of stories the past several days attributed to Danish sailors, unnamed observers at Italian ports and Spanish harbors, and especially unnamed government officials of my administration. Well, now you're going to hear the facts from a White House source, and you know my name.

I wanted this time to talk with you about an extremely sensitive and profoundly important matter of foreign policy. For 18 months now we have had underway a secret diplomatic initiative to Iran. That initiative was undertaken for the simplest and best of reasons: to renew a relationship with the nation of Iran, to bring an honorable end to the bloody 6-year war between Iran and Iraq, to eliminate state-sponsored terrorism and subversion, and to effect the safe return of all hostages. Without Iran's cooperation, we cannot bring an end to the Persian Gulf war; without Iran's concurrence, there can be no enduring peace in the Middle East.

For 10 days now, the American and world press have been full of reports and rumors about this initiative and these objectives. Now, my fellow Americans, there's an old saying that nothing spreads so quickly as a rumor. So, I thought it was time to speak with you directly, to tell you firsthand about our dealings with Iran. As Will Rogers once said, "Rumor travels faster, but it don't stay put as long as truth." So, let's get to the facts.

The charge has been made that the United States has shipped weapons to Iran as ransom payment for the release of American hostages in Lebanon, that the United States undercut its allies and secretly violated American policy against trafficking with terrorists. Those charges are utterly false. The United States has not made concessions to those who hold our people captive in Lebanon. And we will not. The United States has not swapped boatloads or planeloads of American weapons for the return of American hostages. And we will not.

Other reports have surfaced alleging U.S. involvement: reports of a sealift to Iran using Danish ships to carry American arms; of vessels in Spanish ports being employed in secret U.S. arms shipments; of Italian ports being used; of the U.S. sending spare parts and weapons for combat aircraft. All these reports are quite exciting, but as far as we're concerned, not one of them is true.

During the course of our secret discussions, I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran. My purpose was to convince Tehran that our negotiators were acting with my authority, to send a signal that the United States was prepared to replace the animosity between us with a new relationship. These modest deliveries, taken together, could easily fit into a single cargo plane. They could not, taken together, affect the outcome of the 6-year war between Iran and Iraq nor could they affect in any way the military balance between the two countries.

Those with whom we were in contact took considerable risks and needed a signal of our serious intent if they were to carry on and broaden the dialog. At the same time we undertook this initiative, we made clear that Iran must oppose all forms of international terrorism as a condition of progress in our relationship. The most significant step which Iran could take, we indicated, would be to use its influence in Lebanon to secure the release of all hostages held there.

Some progress has already been made. Since U.S. Government contact began with Iran, there's been no evidence of Iranian Government complicity in acts of terrorism against the United States. Hostages have come home, and we welcome the efforts that the Government of Iran has taken in the past and is currently undertaking.

But why, you might ask, is any relationship with Iran important to the United States?

Iran encompasses some of the most critical geography in the world. It lies between the Soviet Union and access to the warm waters of the Indian Ocean. Geography explains why the Soviet Union has sent an army into Afghanistan to dominate that country and, if they could, Iran and Pakistan. Iran's geography gives it a critical position from which adversaries could interfere with oil flows from the Arab States that border the Persian Gulf. Apart from geography, Iran's oil deposits are important to the long-term health of the world economy.

For these reasons, it is in our national interest to watch for changes within Iran that might offer hope for an improved relationship. Until last year there was little to justify that hope.

Indeed, we have bitter and enduring disagreements that persist today. At the heart of our quarrel has been Iran's past sponsorship of international terrorism. Iranian policy has been devoted to expelling all Western influence from the Middle East. We cannot abide that because our interests in the Middle East are vital. At the same time, we seek no territory or special position in Iran. The Iranian revolution is a fact of history, but between American and Iranian basic national interests there need be no permanent conflict.

Since 1983 various countries have made overtures to stimulate direct contact between the United States and Iran; European, Near East, and Far East countries have attempted to serve as intermediaries. Despite a U.S. willingness to proceed, none of these overtures bore fruit. With this history in mind, we were receptive last year when we were alerted to the possibility of establishing a direct dialog with Iranian officials.

Now, let me repeat: America's longstanding goals in the region have been to help preserve Iran's independence from Soviet domination; to bring an honorable end to the bloody Iran-Iraq war; to halt the export of subversion and terrorism in the region. A major impediment to those goals has been an absence of dialog, a cutoff in communication between us. It's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries.

Our discussions continued into the spring of this year. Based upon the progress we felt we had made, we sought to raise the diplomatic level of contacts. A meeting was arranged in Tehran. I then asked my former national security adviser, Robert McFarlane, to undertake a secret mission and gave him explicit instructions. I asked him to go to Iran to open a dialog, making stark and clear our basic objectives and disagreements. The 4 days of talks were conducted in a civil fashion, and American personnel were not mistreated. Since then, the dialog has continued and step-by-step progress continues to be made.

Let me repeat: Our interests are clearly served by opening a dialog with Iran and thereby helping to end the Iran-Iraq war. That war has dragged on for more than 6 years, with no prospect of a negotiated settlement. The slaughter on both sides has been enormous, and the adverse economic and political consequences for that vital region of the world have been growing. We sought to establish communication with both sides in that senseless struggle, so that we could assist in bringing about a cease-fire and, eventually, a settlement. We have sought to be evenhanded by working with both sides and with other interested nations to prevent a widening of the war.

This sensitive undertaking has entailed great risk for those involved. There is no question but that we could never have begun or continued this dialog had the initiative been disclosed earlier. Due to the publicity of the past week, the entire initiative is very much at risk today.

There is ample precedent in our history for this kind of secret diplomacy. In 1971 then-President Nixon sent his national security adviser on a secret mission to China. In that case, as today, there was a basic requirement for discretion and for a sensi-

tivity to the situation in the nation we were attempting to engage.

Since the welcome return of former hostage David Jacobsen, there has been unprecedented speculation and countless reports that have not only been wrong but have been potentially dangerous to the hostages and destructive of the opportunity before us. The efforts of courageous people like Terry Waite have been jeopardized. So extensive have been the false rumors and erroneous reports that the risks of remaining silent now exceed the risks of speaking out. And that's why I decided to address you tonight.

It's been widely reported, for example, that the Congress, as well as top executive branch officials, were circumvented. Although the efforts we undertook were highly sensitive and involvement of government officials was limited to those with a strict need to know, all appropriate Cabinet officers were fully consulted. The actions I authorized were, and continue to be, in full compliance with Federal law. And the relevant committees of Congress are being, and will be, fully informed.

Another charge is that we have tilted toward Iran in the Gulf war. This, too, is unfounded. We have consistently condemned the violence on both sides. We have consistently sought a negotiated settlement that preserves the territorial integrity of both nations. The overtures we've made to the Government of Iran have not been a shift to supporting one side over the other, rather, it has been a diplomatic initiative to gain some degree of access and influence within Iran—as well as Iraq—and to bring about an honorable end to that bloody conflict. It is in the interests of all parties in the Gulf region to end that war as soon as possible.

To summarize: Our government has a firm policy not to capitulate to terrorist demands. That no concessions policy remains in force, in spite of the wildly speculative and false stories about arms for hostages and alleged ransom payments. We did not—repeat—did not trade weapons or anything else for hostages nor will we. Those who think that we have gone soft on terrorism should take up the question with Colonel Qadhafi.

We have not, nor will we capitulate to terrorists. We will, however, get on with advancing the vital interests of our great nation—in spite of terrorists and radicals who seek to sabotage our efforts and immobilize the United States. Our goals have been, and remain, to restore a relationship with Iran; to bring an honorable end to the war in the Gulf; to bring a halt to state-supported terror in the Middle East; and finally, to effect the safe return of all hostages from Lebanon.

As President, I've always operated on the belief that, given the facts, the American people will make the right decision. I believe that to be true now. I cannot guarantee the outcome. But as in the past, I ask for your support because I believe you share the hope for peace in the Middle East, for freedom for all hostages, and for a world free of terrorism. Certainly there are risks in this pursuit, but there are greater risks if we do not persevere.

It will take patience and understanding; it will take continued resistance to those who commit terrorist acts; and it will take cooperation with all who seek to rid the world of this scourge.

Thank you, and God bless you.

Note: The President spoke at 8:01 p.m. from the Oval Office at the White House. The address was broadcast live on nationwide radio and television.

National Philanthropy Day, 1986

Remarks at a White House Briefing for Philanthropists. November 14, 1986

Thank you very much. I have just read a clipping this morning from the United Press that shows how the private sector is spreading and things of this kind in philanthropy; that the First Lady of the Soviet Union has been named to the board of directors of a private, and privately financed, group in the Soviet Union. But I appreciate this opportunity to be with you today in recognition of one of America's greatest national

EXHIBIT JMP-65

MEET THE PRESS

Guest:
VICE ADMIRAL JOHN M. POINDEXTER
Assistant to the President for National Security Affairs

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VOLUME 86

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NBC-TV, Broadcast—12:30 Noon EST

EXHIBIT
JMP-65

Moderator: MARVIN KALB, *NBC News*
Panel: ANDREA MITCHELL, *NBC News*
BOB WOODWARD, *The Washington Post*

Executive Producer: BARBARA COHEN
Producer: BETTY COLE DUKERT

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MEET THE PRESS

MR. KALB (on tape): "It was in an obscure Lebanese magazine two weeks ago that the story was first disclosed, that former national security adviser Robert McFarlane made a secret trip to Iran on a plane carrying military supplies, part of a highly controversial plan, authorized by President Reagan in July, 1985, shortly after his cancer surgery, to open a negotiating channel to the Ayatollah Khomeini and his contending factions, in hopes of improving relations and getting American hostages out of Lebanon. This new Iranian connection: That's our theme today with our guest, Admiral John Poindexter, the president's current national security adviser, who has masterminded this operation, and been sharply criticized as a result. This is MEET THE PRESS, Sunday, November 16, 1986."

MR. KALB: Hello and welcome once again. I'm Marvin Kalb. It is the broad consensus here in Washington that this new Iranian connection has damaged America's credibility among moderate Arab states and West European allies, and, in addition, raised questions about the administration's competence in the handling of recent foreign policy problems, including a disinformation campaign against Libya that backfired, a summit in Iceland that produced confusion and damaged chances for an arms control agreement, and now Iran.

Admiral Poindexter, let's begin, and I think the best place is with the hostages.

ADMIRAL POINDEXTER: Good morning.

MR. KALB: You said on Friday that even with all of these disclosures you remained essentially optimistic that the hostages may soon be released, but Donald Regan, the chief of staff, said he was pessimistic; the president, himself, said on Thursday night that the opportunity might now have been blown with these disclosures. So tell us, in your view right now, where do we stand on getting the hostages out?

ADMIRAL POINDEXTER: Well, it's a judgment call. Everybody has their own assessment as to the likelihood. As the president said in his speech the other night, there is the possibility that the chances for progress have been damaged. It's a very iffy situation at the moment. But I'm basically an optimist, as the president is, and we will

keep working on getting the hostages free. It's possible that this may progress to the point where we can get some positive results.

MR. KALB: Okay, but what is that optimism based on? What is the evidence that you can share with us that would give you a sense of optimism?

ADMIRAL POINDEXTER: Well, I think one of the difficulties in understanding a situation like this is the fact that you're missing the long, intense conversations that have been held with our inlocutors, and based on that, those conversations, which were done by experts in the area, it's their assessment that we were making some progress, and if the situation in Tehran can stabilize; then it is possible that we can still make some progress in our relationship which will be advantageous in freeing the hostages.

MR. KALB: Admiral, yesterday the Islamic Jihad, which reportedly still holds two American hostages, said in a statement that the U.S. should play a bigger role and take wider steps to resolve this problem. Do you think they are hinting that they would like to have more American arms sent to Iran, which is the sponsor for Islamic Jihad?

ADMIRAL POINDEXTER: I don't know what they meant. It would be pure speculation since we have not had any direct contact with the captors. I think that's a very important point to keep in mind throughout this discussion of this project. Iran did not take the hostages; they are not holding the hostages. They do not have total control over the Hezbollah faction that apparently has the hostages. So I don't really know for certain what the Hezbollah faction that made the announcement yesterday had in mind.

MR. KALB: Admiral, there's no question in my mind that we're going to have many more questions about Iran, and we will be joined by our panel of Andrea Mitchell, White House Correspondent for NBC News, and Bob Woodward, the assistant managing editor of The Washington Post, when MEET THE PRESS returns, right after these messages.

(Announcements.)

MR. KALB: We are back on MEET THE PRESS with Admiral John Poindexter, the president's national security adviser, the key official in setting up this new Iranian connection. We will resume the questioning with Mr. Woodward.

MR. WOODWARD: I would like to ask about trust for a moment. Congress was cut out of the secret Iranian project for 10 months, though it was an intelligence operation. We now have reports this morning that Admiral Crowe, chairman of the Joint Chiefs of Staff, was not involved, had to read about it in the newspapers, grumblings from the State Department. Is there a breakdown of trust within the government?

ADMIRAL POINDEXTER: No, I don't think so, Bob. There will always be special circumstances. They usually come about when human lives are at stake, as it was in this case with hostages. And in those situations, it's going to be the natural tendency of any president, as we have observed in the past, to keep these projects very tightly held. In this particular case, the Constitution and the applicable laws clearly provide for the possibility of the president, under special situations like this, to inform the Congress after the fact. This was not a military operation, so it's not unusual that the chairman of the JCS would not be aware.

MR. KALB: Admiral, with all due respect, I think that what we've learned from the past is not that this is the natural course, but that this is the unnatural course. When President Carter kept to a very, very small group the whole effort in that Iranian rescue mission, it fell apart; it was aborted. What the lesson of Vietnam is, you can't share these things with just a few people to have a successful policy. Could you please explain what you were just saying?

ADMIRAL POINDEXTER: I think that the special situations are all very difficult issues. They're all risky. It's a problem of risk management. It's not unusual that you don't have 100 percent success rate. For example, on Grenada, we kept that very quiet. The appropriate people were involved, and it was very successful. Sometimes you win on these issues; sometimes you lose.

MR. WOODWARD: Do you believe you've lost on this one?

ADMIRAL POINDEXTER: No, I'm not prepared to say that yet, Bob. I think, as I said earlier to Marvin, that there's still a chance for some progress here. It will depend on how the situation develops and materializes in Tehran. And we'll have to wait and see how that works out.

MR. WOODWARD: Were you ordered not to tell the chairman of the Joint Chiefs of Staff what this was?

ADMIRAL POINDEXTER: No, not at all. It's just simply, as I said earlier, it wasn't a military issue, so it's not unusual. The main point here is that the president's senior national security advisers, the Secretary of State and the Secretary of Defense, the director of Central Intelligence, my predecessor and I, were all involved in the initial discussions of the policy. The president listened to all of the recommendations

that were made, and made a decision. That's what presidents get paid for.

MS. MITCHELL: Admiral, expanding a bit on the issue of trust, you told us in a handwritten statement on November 4 that the arms embargo against Iran would remain in effect as long as Iran was supporting terrorism, and that was expanded by the press spokesman to say also that Iran still was supporting terrorism. Now, wasn't that, in the very best of characterizations, misleading?

ADMIRAL POINDEXTER: No, I don't think so at all, Andrea. The point is, the arms embargo still continues. We do not feel that it is in our national interests that the flood gates be thrown open to allow arms to be shipped.

MS. MITCHELL: Let me just ask you this: You're saying that, and the president has said, that because the amounts were, you claimed, miniscule, and because the arms were, you claim, only defensive, not offensive—and we'll get into whether that is really the case—that, therefore, the arms embargo continues. Isn't that like being just a little bit pregnant?

ADMIRAL POINDEXTER: No, I don't think so. You're trying to paint things too black or white. There are always shades of grey in issues. In managing these kinds of problems in an imperfect world, there will be exceptions made. They were made in this case under very controlled circumstances. The thing that you need to focus on is what the objectives are. What was the objective of the arms embargo? What was the objective of our project with Iran?

MS. MITCHELL: Well, let me just focus for a moment on the arms embargo and on your statement just now that it continues. On October 2, the secretary of state told our Arab allies that the Soviet Union was not being as forceful as we are in stopping countries from sending arms to Iran. All of our diplomacy, public and private, as well as your statements to the press, were that the arms embargo was continuing while at the same time we were permitting shipments to Iran. Why is that not only inconsistent but dishonest?

ADMIRAL POINDEXTER: What the secretary of state said is precisely right. We have been much more active than the Soviet Union in terms of trying to limit and stop the arms shipments to Iran.

MS. MITCHELL: While also shipping arms ourselves?

ADMIRAL POINDEXTER: We, the amount that was shipped, as the president said the other night in his speech, was extremely small, has no military significance in terms of the war along the border with

Iraq. It was more a matter of providing a measure of good faith on our part. There has been a great deal of suspicion on both sides after seven very traumatic years in the U.S.-Iranian relationship, and it was a matter of providing some support to those factions within Iran that we believe, after long discussions with them, have objectives that are very similar to ours.

MR. KALB: But why did the support have to come in the form of military supplies?

ADMIRAL POINDEXTER: The question is in dealing with a situation like this that's very complex, and where there is a lot of misunderstanding, you look for some mechanism that provides a currency for the effort. And in this case, the items that we felt would be the most significant in terms of demonstrating that they were indeed dealing with the U.S. government, and that we had not only our interests in mind, but we also had Iranian interests in terms of stopping the war. For example, we firmly believe that it's not only in our interests and the rest of the Persian Gulf area, but it's also in Iran's interest to stop the war so that they can get their economy going again, so they can quit killing people, and so that they'll have a better prospect for the future.

MR. WOODWARD: Sir, in terms of this broad police of Iran—with Iran, are we, the U.S. government, in any form, giving support to Iranian exile groups or dissidents that want to overthrow the Khomeini regime?

ADMIRAL POINDEXTER: Bob, I can't get into any other possible operations that we might be involved with or not. We've had to go public on this because of all the speculation and the leaks that have come out of the area. But I don't want to confirm or deny any other operations.

MR. WOODWARD: Are there other secret operations, intelligence operations, that Congress has not been informed of?

ADMIRAL POINDEXTER: That is—there are none. I have—

MR. WOODWARD: There are none? This was the only one?

ADMIRAL POINDEXTER: In my discussions over the past week with the leadership in the Congress, I've made it very clear that this is the only finding that the president signed that was signed under these conditions and which exercised that the president's right—

MR. KALB: But at the same time, Donald Regan said on Friday—and I don't know if it was a slip of the tongue or not, but he did say that part of the effort was to form a new Iranian leadership. Now if the English language means anything, the question

that Bob has just asked you is very relevant. Is the United States now either in support of Iranian exiles, or directly working with people in Iran seeking the overthrow of the Khomeini regime?

ADMIRAL POINDEXTER: We aren't seeking the overthrow of the Khomeini regime. It's a matter of talking to moderate elements there, and trying to get them to see that their present policies with regard to terrorism, with regard to the war, should be changed, and that it's in their interests as well as ours. And so it's not a matter of changing the government; it's a matter of changing the government's policies.

MR. KALB: Okay, now who are these moderates? I think that's one of the most puzzling aspects of this whole story. Who are the moderates in Iran?

ADMIRAL POINDEXTER: Well, I don't really want to identify names today. But there are basically—

MR. KALB: You mean officials who are in the government who are moderate and take a different line from the Ayatollah?

ADMIRAL POINDEXTER: There are basically three factions within the government in Iran. There are conservatives, there are moderates, and then there are the radicals. Now all of these terms are relative. They're relative to the situation in Iran. And one of the difficulties the government has had is that there is not total agreement on the policies. And it is our objective to support and encourage those elements that are moderate to conservative, because the policies of those groups are more like ours.

MR. KALB: Admiral, it's time for a break. Meet the Press will be back right after these messages.

(Announcements)

MR. KALB: We are back on Meet the Press with Admiral Poindexter, the president's National Security adviser. And we'll resume the questioning with Ms. Mitchell.

MS. MITCHELL: Admiral, the president said that his policy again negotiating with terrorists is intact, because he was dealing with Iranians who might have influence over the captors, but not the captors themselves. How do we really know that the supplies that we sent to these people in Iran did not in some way provide material support to Hezbollah Islamic Jihad?

ADMIRAL POINDEXTER: With regard to the specific question about what was transferred to Iran, we are very confident, because it was the type of material that the Hezbollah faction within Lebanon would have no use for.

MS. MITCHELL: But there could have been a chain, where you provide something to Iran, and other things that are needed by the captors are provided?

ADMIRAL POINDEXTER: We simply just don't believe that's the case. In the long discussions, as I was saying earlier, that we've had with these people, we simply don't believe that's the situation. The Hezbollah faction, their demand has been the release of the Dawah prisoners. And we are not willing to meet that demand.

MS. MITCHELL: And why do you believe—and why does the president believe—that there has been an armistice or a truce for some 18 months from Iran in supporting terrorism? It seems to me that in July of '85, the president included Iran in a list of what he called a new international form of Murder, Incorporated, state-sponsored terrorism. Three Americans were taken by what you yourself believe to be radical Iranian factions in recent months. So why are you contending that Iran is no longer supporting terrorism?

ADMIRAL POINDEXTER: Because there are some elements within Iran that are still advocating the use of terror to accomplish their political ends, we still list Iran as a state that sponsors terrorism. However, the facts remain that the moderate elements that we were talking to, we think, did have some impact on stopping the hostage-taking in Lebanon for about a year.

MS. MITCHELL: But doesn't the fact that we were supplying military equipment to Iran indicate that we were supplying equipment to a state that you've just said still sponsors terrorism?

ADMIRAL POINDEXTER: We were supplying this materiel specifically to the moderate elements so that they would develop and exercise more influence—

MS. MITCHELL: To overthrow the Khomeini regime?

ADMIRAL POINDEXTER: —not to overthrow the government, but simply to gain more support for their more moderate views. And that, we think, is important.

MR. WOODWARD: Admiral, do you support now a full airing of what—how this policy was constructed, how it was carried out, before Congress? Will you go testify before the appropriate committees? Will Lt. Col. North so testify?

ADMIRAL POINDEXTER: Bob, we are very anxious to discuss in great detail with the appropriate congressional committees under the appropriate circumstances. There is still a large portion of the details that we want to keep classified to protect individuals that are

involved and try to salvage as much of the channel that we can. So all of this won't be public or in unclassified hearing.

MR. WOODWARD: Will you testify under oath, or will you invoke Executive Privilege?

ADMIRAL POINDEXTER: Bob, as you very well know, the president's National Security adviser, as well as the rest of his immediate staff, is not in the habit of testifying.

MR. KALB: Meaning you won't?

ADMIRAL POINDEXTER: I'm not saying that quite that directly.

MR. KALB: I understand that. That's why I was asking the question.

ADMIRAL POINDEXTER: I have talked to some of the appropriate leadership on the Hill. And I will make arrangements to talk informally with them. There will be hearings in which I probably will not participate. But I am anxious that they hear from me to understand the thinking on our part behind this project, and to understand some of the subtleties that were involved.

MR. WOODWARD: This was—basically was an intelligence or a CIA operation; is that correct?

ADMIRAL POINDEXTER: That is correct. It was basically an intelligence operation.

MR. WOODWARD: So director Casey will be the one who will now lay it out to the Congress?

ADMIRAL POINDEXTER: That's correct.

MR. WOODWARD: Will he be under any restrictions?

ADMIRAL POINDEXTER: No, nothing different from the usual situation, in that we still like to protect raw intelligence. But in terms of all of the actions that were taken as a result of the project, they'll all be laid out in detail.

MS. MITCHELL: Admiral, this, as you say, was a high risk operation. Wasn't one of the risks the fact that the Iraqis and the Saudis are now very distressed. Prince Bandar, the Ambassador from Saudi Arabia, met with you, and we understand was outraged by what happened?

ADMIRAL POINDEXTER: That simply is not an accurate report, Andrea. We have felt all along that once we were able to reveal all of the details to our moderate Arab friends, and when they understood that the objective that we had was exactly the same as their objective,

which is to bring the war to an end, they would understand our actions.

MS. MITCHELL: Well, some of them are now suggesting that Israel was in fact the project manager for this, that this was an Israeli initiative which served the interests, the foreign policy interests, of Israel, but didn't really serve our interests.

ADMIRAL POINDEXTER: This project was a United States government project that served, in our view, our national interest. It's as simple as that.

MS. MITCHELL: But a senior official told us the other day—who is very familiar with national security affairs—that the United States government condoned the Israeli shipment in September of 1985 which resulted in the release of Benjamin Weir.

ADMIRAL POINDEXTER: As I have told members of the press and media before, we don't want to publicly get into the details of the shipments, because that provides information to factions within Iran to identify who was dealing with us. And so we're not talking publicly about those details.

MS. MITCHELL: But about condoning Israel?

MR. KALB: Admiral, I'd like to ask you about the way in which the government is now functioning in the whole area of foreign policy, the impression of disarray. Donald Regan said, direct quote: Some of us are like a shovel brigade that follow a parade down Main Street cleaning up, unquote. Now, is that really what the White House staff should be involved in?

ADMIRAL POINDEXTER: Well, I guess I would have to take exception to that definition as to what the White House staff is involved with. We have an active president, who likes and feels that bold action is often required in order to change the status quo. If you look at his approach to domestic issues, it's the same kind of approach. He challenges conventional wisdom. People thought Reaganomics wouldn't work. Well, it did work. People thought he couldn't get tax reform through. But he did do that.

MR. KALB: Okay, but on the area of foreign policy, there is certainly the impression that you were involved primarily in damage control, not in bold initiatives.

ADMIRAL POINDEXTER: No, I don't think that's true at all. It's just that in the foreign policy area, the issues are very complex. Sometimes you're able to make progress; sometimes you aren't. But if we just sit back and don't think of new, creative ways of addressing some of these difficult problems, we'll never make any progress.

MR. MITCHELL: Admiral, can I just clear up one fact about the kinds of weapons? The defense minister, the Israeli defense minister, Mr. Rabin, has said that nothing was sent by Israel, no American weapons that were not directly approved by the United States. Is that true?

ADMIRAL POINDEXTER: I don't care to answer that question in public. Our relations with all of the third countries that may or may not have been involved in this are -- should be private.

MR. MITCHELL: Can you at least deny the reports that have come to us from very authoritative sources in Israel in that they did ship offensive weapons, parts for jet fighters?

ADMIRAL POINDEXTER: The point that the president has made, and that I've made before on this issue, is, that the only shipments that the U.S. government authorized were those that the president described the other night which, taken in toto, would fill a single cargo aircraft. That is the extent of the U.S. involvement with Iran on this issue.

MR. WOODWARD: I'd like to ask you about your own shovel--

MR. KALB: You've got 30 seconds.

MR. WOODWARD: --if I might for a moment --

MR. KALB: Fifteen.

MR. WOODWARD: Okay, in terms of damage control. Do you think you've done an effective job in explaining what's going on on this and disinformation, what happened in Iceland?

ADMIRAL POINDEXTER: Yes, I think so. We try very hard to get all the facts out.

MR. KALB: Admiral, I'm sorry. Our time's up. Thank you very much for being our guest today, and discussing, I guess, this really remarkable story of Ronald Reagan trying to set up a secret overture and policy with the Ayatollah Khomeini of Iran. History I guess provides us with a series of strange bedfellows. But that's it for now. Thank you all for joining us, and we'll see you next Sunday.

EXHIBIT JMP-66

UNCLASSIFIED 6367 11/18/86 1915

QUESTIONS AND ANSWERS RE U.S. POLICY TOWARD IRAN 36719

Q: WHAT CAN YOU TELL US ABOUT THE NSC DOCUMENT FROM JUNE 1985 WHICH CALLED FOR A CHANGE IN U.S. POLICY TOWARD IRAN?

A: -- From late 1984 onward, signs of growing Soviet influence in Iran and the potential for internal fragmentation were serious cause for concern.

-- Based on a CIA assessment, the NSC staff prepared an options paper for interagency review.

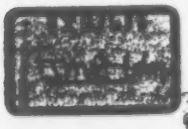
-- Focused on possible means for improving U.S. strategic position in order to affect the course of change in Iran and counter Soviet moves.

-- My NSC adviser distributed a draft directive (NSDD) to the Secretaries of State and Defense and the Director of CIA in mid-June.

-- Each provided detailed comments on the NSDD draft. While he did not agree with entire paper, SECDEF never told me ideas in the paper were "absurd" as was reported in the media.

-- Their comments were taken into account in my ongoing consideration of possible U.S. initiatives toward Iran.

Partially Released/Released on 8-23-2007 under provisions of E.O. 12356 by R. Reger, National Security Council



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N 36720

Q: HAS THIS INITIATIVE WITH IRAN HAD ANY POSITIVE EFFECT?

A: Yes, there have been a number of positive effects. Although it is too soon to give a complete assessment, we have seen a marked reduction in Iranian sponsored terrorism over the last 18 months:

-- Iranian Ambassador to U.N. acknowledged U.S./Iranian relations have improved.

-- [redacted]

-- The Iranian government helped to resolve the TWA hijacking in Beirut last June.

-- In September this year, Iran denied access to the hijackers of the Pan Am flight from Karachi, Pakistan.

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Q: ISN'T YOUR ADMINISTRATION, THROUGH THE NATIONAL SECURITY COUNCIL AND LIEUTENANT COLONEL NORTH, REALLY BREAKING THE LAW; IN THIS CASE, IN CENTRAL AMERICA AND PERHAPS OTHER PLACES STILL HIDDEN IN WHITE HOUSE SAFES?

A: There you go again. That is simply not true. We have consistently and faithly complied with the law. I have seen much of the reporting concerning LTCOL North's activities. I can only say that he is a hardworking and honest officer with whom I have a great deal of trust. I might add that that also goes for his boss, John Poindexter, and the entire NSC staff.

Q: DID THE SECRETARY OF DEFENSE REALLY SAY, WHEN THE POLICY PAPER ON THIS IRAN CAPER WAS DISTRIBUTED, THAT THE WHOLE IDEA WAS ABSURD?

A: Cap is a close and trusted adviser and I can only say that he didn't tell me that.

UNCLASSIFIED

N 36722

Q: WAS CIA DIRECTOR CASEY ORDERED NOT TO INFORM CONGRESS OF THE SECRET "FINDING" THAT YOU SIGNED LAST JANUARY?

A: No, that is true. I told Bill Casey to refrain from informing Congress until I deemed appropriate. After lengthy legal consultations, I decided that, in this case, the lives of the people involved were at great risk, including those who were talking to us in Iran as well as our own hostages in Lebanon. We always intended and planned to fully inform the appropriate committees of Congress and, as a result of the recent speculation in the press, we have begun to fulfill that commitment. The paper I signed simply told the Director to "refrain from reporting...until I otherwise direct."

Q: YOUR CHAIRMAN OF THE JOINT CHIEFS OF STAFF SAID THAT HE WAS NOT CONSULTED OR AWARE OF THIS OPERATION, IS THAT TRUE?

A: As I have said earlier, all of the appropriate Cabinet Officers and officials were consulted and informed regarding this initiative. In this case, since it was not a military operation, it is not unusual that he was not directly involved.

UNCLASSIFIED

Declassified N 36723

Q: DID THE U.S. GOVERNMENT AUTHORIZE ISRAEL TO SHIP MILITARY EQUIPMENT TO IRAN IN OUR BEHALF?

A: As I have said before, we will not make public any of the details of this matter or name those who did or did not help us in this matter. I will say that on two specific occasions I authorized an exception to policy by permitting a small amount of defensive military equipment to be transferred to Iran by a third country.

Q: IS IT PROPER TO HAVE THE STAFF OF THE NATIONAL SECURITY COUNCIL RUN AN OPERATION SUCH AS THIS? AND, ISN'T THIS JUST A WAY TO CIRCUMVENT THE OVERSIGHT REQUIREMENTS PLACED ON THESE TYPES OF ACTIVITIES BY CONGRESS?

A: As with any sensitive intelligence or diplomatic initiative, participation by departments and agencies, as well as individuals, must be based on their need to know. All of my national security advisers were consulted and they in turn advised those officials within their departments who had a need to know. Involvement of the NSC staff was also limited to a few individuals. The NSC staff working with CIA was simply fulfilling its function advising me on national security issues, as well as carrying out my directions. As I have said before, we have every intention of fulfilling the reporting requirements mandated for these types of activities.

Declassified

UNCLASSIFIED N 36724

Q: DID THE SHIPMENT OF ARMS TO IRAN VIOLATE THE ARMS EXPORT CONTROL ACT OR ANY OTHER LAW?

A: No, it did not. This was not done under the Arms Export Control Act. Although we do have an arms embargo in place against Iran, as President, I made a limited exception to that policy and authorized the shipment of a small amount of defensive arms in order to signfy the seriousness of our intentions.

Q: ISRAELI DEFENSE MINISTER RABIN HAS SAID THAT HIS GOVERNMENT ONLY SHIPPED ARMS TO IRAN AT THE BEHEST OF THE UNITED STATES GOVERNMENT. IS THAT TRUE?

A: Again, I'm not going to comment on any of the details or specifics that pertain to this matter. I have told my people to fully inform the appropriate committees of the Congress. All of the shipments that I authorized or condoned were covered by my speech the other night (i.e., could fit in one cargo aircraft).

UNCLASSIFIED

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Q: ISN'T THIS JUST ANOTHER FAILURE OF YOUR FOREIGN POLICY LIKE THE DANILOFF CASE, THE LIBYAN DISINFORMATION CAMPAIGN, AND THE REYKJAVIK SUMMIT?

A: No. The longer I'm here in Washington, the more I realize that in this town rumor and fiction seem to be more important than fact.

Q: ISN'T CONGRESS RIGHT WHAT YOU TRUSTED THE AYATOLLAH MORE THAN YOU TRUSTED THE AMERICAN MEDIA AND YOUR OWN CONGRESS?

A: That's ridiculous. What we were attempting to do required extreme sensitivity because of the longstanding relationship between our two countries. If this initiative had been revealed earlier, I am convinced that we could not have proceeded as far as we have. Given the unfortunate speculation and uninformed publicity of recent days, there is no doubt that the initiative is at increased risk.

Q: SOME OFFICIALS HAVE SAID THAT, AS A RESULT OF THIS AFFAIR, WE HAVE NO TERRORISM POLICY. CAN YOU COMMENT?

A: I don't know who these sources are, but I'm here to tell you that is simply not the case. We have a clear and unambiguous policy with regard to terrorism and anybody who wants to test us should think twice. Our objectives on this project were completely consistent with our policy.

UNCLASSIFIED

UNCLASSIFIED N 36726

Q: DID YOUR NATIONAL SECURITY ADVISER LIE OR MISLEAD THE AMERICAN PEOPLE REGARDING OUR ARMS EMBARGO AGAINST IRAN?

A: No. What was said is absolutely correct. Our arms embargo will remain in effect as long as Iran sponsors terrorism. When we are convinced that they have changed their policy, we will reevaluate the need for that embargo.

Q: CAN YOU TELL US THAT THERE WILL BE NO MORE ARMS SHIPMENTS TO IRAN?

A: We have no plans to supply any more arms to the Iranians.

Q: WHAT ABOUT OFFENSIVE ARMS? HAVE WE PERMITTED OR ALLOWED ANY OTHER COUNTRY TO SHIP OFFENSIVE ARMS TO IRAN?

A: No.

Q: WHAT WAS THE LOOPHOLE THAT YOU USED TO AVOID NOTIFYING CONGRESS OF THIS OPERATION OR THE "FINDING?"

A: There is no loophole. The law was written to accommodate the Constitutional authorities of the President. Implicit in the law is the recognition that the President can withhold notification if appropriate.

UNCLASSIFIED

UNCLASSIFIED N 36727

Q: WHY DID YOU HAVE TO SEND ARMS TO IRAN? WHY COULDN'T MEDICINES OR UNFREEZING IRANIAN ASSETS BE USED AS A SIGNAL OF OUR GOODWILL?

A: That is a question that I asked myself. I can only tell you that I grappled with this decision for a long time. The Iranians themselves asked to purchase this military equipment. Our assessment was that this was the only gesture which could reasonably and relatively simply demonstrate U.S. bona fides and sincerity to our Iranian interlocutors. We were very explicit in our sale of this equipment to make sure that, first, it could not be used for offensive purposes and, second, that it could in no way affect the outcome of the war with Iraq.

Medical supplies are readily available on the open market and they have no problem in getting these items -- so why do they need us for medical supplies? The question of Iranian assets are already being resolved in the court and, if we interceded in those proceedings, it clearly would have exposed this initiative.

UNCLASSIFIED

Unclassified

N 36728

10

Q: WHAT ARE YOU GOING TO DO ABOUT THE CREDIBILITY GAP THAT THIS EPISODE HAS CREATED FOR YOU AND YOUR ADMINISTRATION?

A: I can only do what I am doing now and what we have always done and that is to give the American people the facts and let their good judgement and trust in the Presidency guide our actions. As President, I am responsible for the decisions that are made in the Oval Office -- both the easy ones and the tough ones. In every decision, I must weigh what is good for the country, for our people, and for the well-being of peace.

Unclassified

EXHIBIT JMP-67

41

Weekly Compilation of

Presidential Documents

Monday, November 24, 1986
Volume 22—Number 47
Pages 1573–1598

But, my friends, that letter may have been addressed to me, but it wasn't written to me alone. It was written also to each of you, to all Americans, and to our allies as well. It was written in thanks to all those who've joined in our bipartisan crusade to make America stronger. And it was written in thanks to all of those who have returned us to our values and reminded us of what they mean in this world. At the National Review dinner last December, I closed my remarks by saying thanks to Bill Buckley for "setting loose so much good in the world." But tonight, Bill, Ernie, Paul, Don, Jeane, and everyone, others far away, thank you, too. Thank you, God bless you all.

Note: The President spoke at 7:32 p.m. in the International Ballroom of the Washington Hilton Hotel.

The President's News Conference of November 19, 1986

Iran-U.S. Relations

The President. Good evening. I have a few words here before I take your questions, some brief remarks.

Eighteen months ago, as I said last Thursday, this administration began a secret initiative to the Islamic Republic of Iran. Our purposes were fourfold: to replace a relationship of total hostility with something better, to bring a negotiated end to the Iran-Iraq war, and to bring an end to terrorism and to effect the release of our hostages.

We knew this undertaking involved great risks, especially for our people and for the Iranian officials with whom we dealt. That's why the information was restricted to appropriate Cabinet officers and those officials with an absolute need to know.

This undertaking was a matter of considerable debate within administration circles. Our policy objectives were never in dispute. There were differences on how best to proceed. The principal issue in contention was whether we should make isolated and limited exceptions to our arms embargo as a signal of our serious intent. Several top advisers opposed the sale of even a modest shipment of defensive weapons and spare parts to Iran. Others felt no progress could be made without this sale. I weighed their views. I considered the risks of failure and the rewards of success, and I decided to proceed. And the responsibility for the decision and the operation is mine and mine alone. As Mr. Lincoln said of another presidential decision, "If it turns out right, the criticism will not matter. If it turns out wrong, ten angels swearing I was right will make no difference."

I understand this decision is deeply controversial and that some profoundly disagree with what was done. Even some who support our secret initiative believe it was a mistake to send any weapons to Iran. I understand and I respect those views, but I deeply believe in the correctness of my decision. I was convinced then and I am convinced now that while the risks were great, so, too, was the potential reward. Bringing Iran back into the community of responsible nations, ending its participation in political terror, bringing an end to that terrible war, and bringing our hostages home—these are the causes that justify taking risks.

In foreign policy the presence of risks alone cannot be reason enough not to act. There were risks when we liberated Grenada, when we went into Lebanon, when we aided the Philippines, and when we acted against Libya. So, we'll continue our efforts. However, to eliminate the widespread but mistaken perception that we have been exchanging arms for hostages, I have directed that no further sales of arms of any kind be sent to Iran. I have further directed that all information relating to our initiative be provided to the appropriate Members of Congress. There may be some questions which for reasons of national security or to protect the safety of the hostages I will be unable to answer publicly. But again, all information will be provided to the appropriate Members of Congress.

And now I'll take your questions. Helen [Helen Thomas, United Press International]?

Q. Mr. President, in the recent past there was an administration whose byword was "Watch what we do, not what we say." How would you assess the credibility of

your own administration in the light of the prolonged deception of Congress and the public in terms of your secret dealings with Iran, the disinformation, the trading of Zakharov for Daniloff? And I'd like to follow up.

The President. Well, Helen, let me take the last one first. I know some persist in saying that we traded Zakharov for Daniloff. We did not. We said that we would have no dealings with the Soviet Union, even on going to Iceland, until Daniloff was in our hands.

But to bring it up to date on this, there was no deception intended by us. There was the knowledge that we were embarking on something that could be of great risk to the people we were talking to, great risk to our hostages. And, therefore, we had to have it limited to only the barest number of people that had to know. I was not breaking any law in doing that. It is provided for me to do that. At the same time, I have the right under the law to defer reporting to Congress, to the proper congressional committees, on an action, and defer it until such time as I believe it can safely be done with no risk to others.

And that's why I have ordered in this coming week the proper committees will be briefed on this. And there are still some parts of this that we cannot go public with, because it will bring to risk and danger people that are held and people that we have been negotiating with. We were not negotiating government to government. We were negotiating with certain individuals within that country.

Q. You don't think your credibility has been damaged? And are you prepared now to disavow the finding which let you make end runs around the Iranian arms embargo? Are you going to tear it up?

The President. No, as I say, we are going to observe that embargo. And it's part of the same reason that, as I've said, we were doing this in the first place: And that is to see, among the other issues involved, if we can help bring about peace between those two countries, a peace without victory to either one or defeat and that will recognize the territorial integrity of both. And this is something that all of our allies are seeking also.

But I think the people understand that sometimes you have to keep a secret in order to save human lives and to succeed in the mission, just as we went into Grenada without prior notice, because then we would have put to risk all of those men who were going to hit the beach.

Yes, Mike [Mike Putzel, Associated Press].

Secretary of State Shultz

Q. Mr. President, has Secretary Shultz discussed his resignation with you? Have you agreed to accept it, or have you asked him to stay on?

The President. Mike, he has never suggested to me in our meetings that resignation. And in fact, he has made it plain that he will stay as long as I want him, and I want him. So, there's never been any discussion there. He knows that I want him to stay, and he has, in advance, said that he wants to. There's been no talk of resignation.

Q. If I may follow up, sir: Has he made his staying conditioned on your agreeing not to send further arms to Iran?

The President. No, there have been no conditions. As I say, we didn't discuss that. And as I've said now, there is no need to go further with this. The mission was served that made us waive temporarily that for that really minuscule amount of spare parts and defensive weapons.

Chris [Chris Wallace, NBC News]?

Q. Mr. President, you have stated flatly, and you stated flatly again tonight, that you did not trade weapons for hostages. And yet the record shows that every time an American hostage was released—last September, this July, and again just this very month—there had been a major shipment of arms just before that. Are we all to believe that was just a coincidence?

The President. Chris, the only thing I know about major shipments of arms—as I've said, everything that we sold them could be put in one cargo plane, and there would be plenty of room left over. Now, if there were major shipments—and we know this has been going on—there have been other countries that have been dealing in arms with Iran. There have been also private merchants of such things that have been doing the same thing. Now, I've seen

the stories about a Danish tramp steamer and a Danish sailors union officials talking about their ships taking various supplies to Iran. I didn't know anything about that until I saw the press on it, because we certainly never had any contact with anything of the kind. And so, it's just that we did something for a particular mission. There was a risk entailed. And Iran held no hostages. Iran did not kidnap anyone, to knowledge. And the fact that part of operation was that we knew, however, the kidnapers of our hostages did have some kind of relationship in which Iran could at times influence them—not always—but could influence them. And so three of our hostages came home.

Q. But if I may follow up, sir: On that first point, your own Chief of Staff, Mr. Regan, has said that the U.S. condoned Israeli shipments of arms to Iran. And aren't you, in effect, sending the very message you always said you didn't want to send? Aren't you saying to terrorists either you or your state sponsor—which in this case was Iran—can gain from the holding of hostages?

The President. No, because I don't see where the kidnapers or the hostage-holders gained anything. They didn't get anything. They let the hostages go. Now, whatever is the pressure that brought that about, I'm just grateful to it for the fact that we got them. As a matter of fact, if there had not been so much publicity, we would have had two more that we were expecting.

Sam [Sam Donaldson, ABC News]?

Q. Mr. President, when you had the arms embargo on, you were asking other nations, our allies particularly, to observe it—publicly. But at the same time, privately, you concede you were authorizing a breaking of that embargo by the United States. How can you justify this duplicity?

The President. I don't think it was duplicity. And as I say, the so-called violation did not in any way alter the military balance between the two countries. But what we were aiming for, I think, made it worthwhile. And this was a waiver of our own embargo; the embargo still stays now and for the future. But the causes that I outlined here in my opening statement—first of all, to try and establish a relationship with a country that is of great strategic importance to peace and everything else in the Middle East, at the same time, also, to strike a blow against terrorism, and to get our hostages back, as we did. And this particular thing was, we felt, necessary in order to make the contacts that we made and that could lead to better relations with us. And the fourth item, also, as I pointed

may, the polls show that a lot
an people just simply don't
you. But the one thing that you've
going for you, more than anything else
in your Presidency, your credibility, has
been severely damaged. Can you repair it?
What does it mean for the rest of your Presidency?

The President. Well, I imagine I'm the only one around who wants to repair it, and I didn't have anything to do with damaging it.

Bill [Bill Plante, CBS News]?

Q. Mr. President, you say that the equipment which was shipped didn't alter the military balance. Yet several things: We understand that there were 1,000 TOW antitank missiles shipped by the U.S. The U.S. apparently condoned shipments by Israel and other nations of other quantities of arms as an ancillary part of this deal—not directly connected, but had to condone it, or the shipments could not have gone forward, sir. So, how can you say that it cannot alter the military balance? And how can you say, sir, that it didn't break the law, when the National Security Act of 1977 plainly talks about timely notification of Congress and also, sir, stipulates that if the national security required secrecy the President is still required to advise the leadership and the chairmen of the intelligence committees?

The President. Bill, everything you've said here is based on a supposition that is false. We did not condone and do not condone the shipment of arms from other countries. And what was the other point that you made here——

Q. There were the antitank missiles, sir.

The President. Oh no, about the—that it didn't—no, that it didn't violate the—or that did violate the law. No, as I've said, the President, believe it or not, does have the power if, in his belief, national security can

be served to waive the provisions of that law as well as to defer the notification of the Congress on this.

Q. Isn't it possible that the Iraqis, sir, might think that a thousand antitank missiles was enough to alter the balance of that war?

The President. This is a purely defensive weapon. It is a shoulder-carried weapon. And we don't think that in this defensive thing—we didn't add to any offensive power on the part of Iran. We know that Iraq has already announced that they would be willing to settle the conflict, as we've said, with no winners or losers. And the other parts happened to be spare parts for an antiaircraft Hawk battery. And, as I say, all of these weapons could be very easily carried in one mission.

Now, I think—Charles [Charles Bierbauer, Cable News Network].

Q. Mr. President, I don't think it's still clear just what Israel's role was in this. The questions that have been asked about a condoned shipment. We do understand that the Israelis sent a shipment in 1985, and there were also reports that it was the Israelis that contacted your administration and suggested that you make contact with Iran. Could you explain what the Israeli role was here?

The President. No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they're doing. And, so, as a matter of fact, the first ideas about the need to restore relations between Iran and the United States, or the Western World for that matter, actually began before our administration was here. But from the very first, if you look down the road at what could happen and perhaps a change of government there, that it was absolutely vital for the Western World and to the hopes for peace in the Middle East and all for us to be trying to establish this relationship. And we verified—oh, it started about 18 months ago, really, as we began to find out some individuals that it might be possible for us to deal with and who also were looking at the probability of a further accident.

Trudie?

Q. Can I follow up please, if I may, on that? The contacts that you're suggesting are with moderates in the Iranian Government and in the Iranian system. Barry Goldwater tonight said in his judgment there are no moderates in Iran. I don't mean to suggest that there may not be, but how did you know that you were reaching the moderates? And how do you define a moderate in that kind of a government?

The President. Well, again, you're asking questions that I cannot get into with regard to the answers. But believe me, we had information that led us to believe that there are factions within Iran, and many of them with an eye toward the fact that they think sooner rather than later there is going to be a change in the government there. And there is great dissatisfaction among the people in Iran.

Trudie [Trudie Feldman, Transcaucasus]?

Arms Reduction Negotiations

Q. Mr. President, could we turn to U.S.-Soviet relations for a moment, please?

The President. I'd be delighted. [*Laughter*]

Q. Your chief arms negotiator, Max Kampelman, said that as a result of your meeting with Mr. Gorbachev in Iceland that there indeed were substantial results and agreements. But the leadership of the Soviet Union say that there were no results, nothing positive, and the area is widely scattered still. How do you propose, in the remainder of your term, to close the gap for an agreement?

The President. Well, Trudie, the thing is, about that situation, they are not widely scattered. All the agreements, or the apparent places where we agreed at Reykjavik, are on the table now with our arms negotiators in Geneva. And for the first time there was an agreement reached on the desirability of eliminating all strategic nuclear missiles in a 5-year period and then dealing with the intermediate-range missiles in Germany. And just before the meeting broke up was the first time that—it had always been our purpose, and it was our purpose when we went there, to see if the—these are the destabilizing weapons, these are the weapons that people in their mind can picture someone pushes a button and lot of places blow up. And we always thought that if we could make a start on those, the destabilizing missiles, and then we could work on

Q. Yes, Mr. President. Why do you think—its strategic position not withstanding—the American people would ever support weapons to the Ayatollah Khomeini?

The President. We weren't giving them to the Ayatollah Khomeini. It's a strange situation. As I say, we were dealing with individuals, and we believe that those—and some of those individuals are in government, in positions in government. But it was not a meeting officially of the United States head of state and the Iranian head of state. But these people, we believed, and their closeness to the Iran military was such that this was necessary to let them know, number one, that we were serious and sincere in our effort about good relations and also that they were dealing with the head of government over here, that this wasn't something coming out of some agency or bureau, that I was behind it.

Q. Well, sir, if that's the case, some have asked that if Libya occupied a strategical position as Iran did, would you then arm Qadhafi and bomb Khomeini?

The President. Believe me, that's about as hypothetical a question as anyone could imagine. The situations are quite different.

Q. Mr. President, you said that you were not swapping—or you did not think you were swapping arms for hostages. But did it ever occur to you, or did it never occur to you, that certainly the Iranians would see it that way and that they might take it as an inducement to take more hostages, especially in light of the fact that they've released three but taken three more?

The President. No, to the best of our knowledge, Iran does not own or have authority over the Hizballah.[1] They cannot order them to do something. It is apparent that they, evidently, have either some persuasion—and they don't always succeed—but they can sometimes persuade or pressure the Hizballah into doing what they did in this instance. And as I say, the Iranian Government had no hostages, and they bought a shipment from us. And we, in turn—I might as well tell you that we, in turn, had said when they wanted to kind of know our position and whether we were trustworthy and all of this—we told them that we did not want to do business with any nation that openly backed terrorism. And they gave us information that they did not. And they said also that they had some evidence that there had been a lessening of this on the part of the Khomeini and the government and that they'd made some progress. As a matter of fact, some individuals associated with terrorist acts had been put in prison there. And so that was when we said, "Well, there's a very easy way for you to verify that if that's the way you feel, and they're being held hostage in Lebanon."

Q. Well, if I can follow up: If your arms shipments had no effect on the release of the hostages, then how do you explain the release of the hostages at the same time that the shipments were coming in?

The President. No, I said that at the time I said to them that there was something they could do to show their sincerity. And if they really meant it that they were not in favor of backing terrorists, they could begin by releasing our hostages. And as a matter of fact, I believe and have reason to believe that we would have had all five of them by this last weekend, had it not been for the attendant confusion that arose here in the reporting room.

You don't have your red mittens on.

Q. On that point, you said earlier, and you said just now again, that, but for the publicity, two other hostages would have been returned home by now. As you know, the publicity began in a Syrian-backed, pro-Syrian magazine——

The President. Yes.

Q. ——in Lebanon. My question is, therefore, are you suggesting that someone who was a party to this sabotaged it by deliberately leaking that original report?

The President. To our best information, the leak came from a person in government in Iran and not one of the people that we were dealing with, someone that would be more hostile to us. And that individual gave the story to the magazine, and the magazine then printed the story there in Beirut.

Q. Mr. President, there has been an obvious change in policy towards Iran: from refusing to deal with a terrorist state to even sending weapons as a gesture of good will.

[1] *Radical Shi'ite group operating in Lebanon.*

to the other nuclear weapons—bombs carried by airplanes and so forth. And we had gone there with the express purpose of seeing if we could arrive at some kind of a settlement on one or the other of these other two missile types. And it was just before the meeting broke up that for the first time they suggested that they were talking about all nuclear weapons, not just the others. Well, there was no time for us to discuss them—this new force that was in there.

But I think Mr. Kampelman was saying right—that I just call to your attention that never in the history of the Soviet Union has a Soviet leader ever publicly proposed eliminating weapons they already have. And this Soviet leader has. He has talked actually of totally eliminating them. And so the only thing I can say to this is—I know they are difficult to deal with—but all I can say is they're still at the table in Geneva, and the proposals are still there. So, I continue to be optimistic.

Q. I just want to follow up. Do you think you're going to see Mr. Gorbachev again during your term, or do you think he is thinking that he'll wait for the next President to negotiate an arms control agreement?

The President. Well, I have to believe there is reason for optimism, because he himself suggested the Iceland meeting as a forerunner to the summit that was supposed to take place in the United States. And all I can do is recall that when the Soviets, sometime ago, got up and walked out of the Geneva arms meetings, because we were installing medium-range—the Pershings and the cruise missiles in Europe. And they walked out and said, "That does it." Well, they came back.

Q. Do you have a date——

The President. What?

Q. Do you have a date to meet them again?

The President. No, that's what we're waiting for—is for them to give us a date.

Iran-U.S. Relations

Q. Mr. President, going back over your answers tonight about the arms shipments and the numbers of them, are you telling us tonight that the only shipments with which we were involved were the one or two that followed your January 17th finding and that, whatever your aides have said on background or on the record, there were no other shipments with which the U.S. condoned?

The President. That's right. I'm saying nothing, but the missiles that we sold—and remember, there are too many people that are saying "gave." They bought them.

Andrea [Andrea Mitchell, NBC News]?

Q. Mr. President, to follow up on that: We've been told by the Chief of Staff, Donald Regan, that we condoned—this government condoned—an Israeli shipment in September of 1985, shortly before the release of hostage Benjamin Weir. That was 4 months before your intelligence finding on January 17th that you say gave you the legal authority not to notify Congress. Now, can you clear that up—why this government was not in violation of its arms embargo and of the notification to Congress for having condoned American-made weapons shipped to Iran in September of 1985?

The President. Well, no, I've never heard Mr. Regan say that, and I'll ask him about that. Because we believe in the embargo, and as I say, we waived it for a specific purpose, in fact, with four goals in mind. Yes.

Q. Can I just follow up on that for a second, sir, because what is unclear to, I think, many people in the American public is why—if you are saying tonight that there will be no further arms shipments to Iran—why you won't cancel the January 17th intelligence finding so that you can put to rest any suggestion that you might again, without notification and in complete secrecy and perhaps with the objection of some of your Cabinet members, continue to ship weapons if you think that it is necessary?

The President. No, I have no intention of doing that, but at the same time, we are hopeful that we're going to be able to continue our meetings with these people, these individuals.

Q. But you won't cancel the intelligence finding?

The President. I don't know whether it's called for or whether I have to wait until we've reported to Congress and all. I don't know just what the technicality legally is on that.

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Would you consider, in the name of the same geopolitical interest that you invoked with Iran, changing your policy towards Nicaragua?

The President. No, and I believe that I've answered that question, I think, more than once here—that no, we still hold to our position, and Iran officially is still on our list of nations that have been supporting terrorism. But I'm talking about the people that we were doing business with, and they gave us indication and evidence that that policy was changing. And so, as I said, to give them more prestige and muscle there where they were, we made this sale.

Nicaragua

Q. Then, Mr. President, would you consider breaking diplomatic relations with Nicaragua to increase the pressure on the Sandinista government?

The President. No, we have not thought of that, and we still believe very much in supporting the *contras*, because we believe in the *contras* cause. The *contras* have made it plain that all they seek is to be able to put enough pressure on the Sandinista government for that government to negotiate with them and the people of Nicaragua for the kind of government that they altogether had promised when they were fighting the revolution against the Somoza dictatorship. And it was the Sandinistas who, as Communist groups usually do, simply, when the revolution was over, they did everything they could to get rid of their fellow revolutionaries, and they seized power and created a totalitarian Communist State.

Now, the Sandinistas—or the *contras* have never proposed overthrowing the government. They have repeatedly offered and said "We simply want to be able to negotiate and have a chance to have the government installed that we'd promised the Organization of American States we were fighting for." So, I think we continue to help them, but we believe that there is a value in maintaining relations. It gives us a listening post in Nicaragua.

Iran-U.S. Relations

Q. Mr. President, there is a mood in Washington tonight of a President who is very much beleaguered, very much on the defensive. Why don't you seize the offensive by giving your Secretary of State a vote of confidence declaring that all future covert activities will have his support and by shaking up the National Security Council in such a way as to satisfy the concerns in Congress that it has been running a paramilitary operation out of the basement of the White House in defiance of the State Department and the Congress?

The President. The State Department—or the Secretary of State was involved, the Director of the CIA was involved, in what we were doing and, as I said before, there are certain laws in which, for certain actions, I would not have been able to keep them a secret as they were. But these people you've mentioned have been involved—do know what was going on. And I don't see that the action that you've suggested has called for it. But what you've disappointed me the most in is suggesting that I sound defensive up here. I've just been trying to answer all your questions as well as I can. And I don't feel that I have anything to defend about it all. With the circumstances the way they were, the decision I made I still believe was the correct decision, and I believe that we achieved some portion of our goals.

Q. Mr. President, do you believe that any of the additional hostages will be released?

The President. I have to believe that.

Q. And during any of these discussions with your administration, was there ever any hint or suggestion that these weapons might be used to topple the Ayatollah?

The President. No, and I don't see in any way how that could be, with the particular things that we were using. I don't see where the Ayatollah could be a logical target for an antiaircraft missile or even for a TOW missile for that matter.

Q. Mr. President, you made an exception for the arms embargo when you thought it was in the U.S. interest to do so. Why shouldn't other nations ship weapons to Iran when they think it's in their interests?

The President. Well, I would like to see the indication as to how it could be in their interest. I know that there are other nations that feel as we do that the Western World should be trying to find an avenue to get Iran back where it once was—and that is in the family of democratic nations and the

family of nations that want peace in the Middle East and so forth.

Q. How, Mr. President—if I may follow up—how does shipping weapons to Iran help bring them back into the community of nations? You've acknowledged that you were dealing with only a small portion of the government?

The President. I was talking of strengthening a particular group who needed the prestige that that could give them, who needed that, well, that bargaining power, themselves, within their own ranks.

Jerry [Jeremiah O'Leary, Washington Times]?

Q. Mr. President, I believe you may have been slightly in error in describing a TOW as a shoulder-mounted weapon. It's a ground-to-ground weapon. Red-eye is the shoulder weapon, but that's beside the point. TOW's are used to destroy tanks.

The President. Yes, I know, Jerry, I know it's a tank weapon.

Q. I don't think it's fired from your shoulder.

The President. Well, now—*[laughter]*—if I have been misinformed, then I will yield on that. But it was my understanding that that is a man-carried weapon, and we have a number of other shoulder-borne weapons.

Q. I did have a question, though. *[Laughter]*

The President. You mean that wasn't a question? *[Laughter]*

Q. No, sir, I thought I knew what a TOW was.

I just wanted to ask you what would be wrong at this stage of the game, since everything seems to have gone wrong that could possibly go wrong, like the Murphy Law, the Reagan Law, the O'Leary Law, this week—what would be wrong in saying that a mistake was made on a very high-risk gamble so that you can get on with the next 2 years?

The President. Because I don't think a mistake was made. It was a high-risk gamble, and it was a gamble that, as I've said, I believe the circumstances warranted. And I don't see that it has been a fiasco or a great failure of any kind. We still have those contacts. We still have made some ground. We got our hostages back—three of them. And so, I think that what we did was right, and we're going to continue on this path.

Federal Aid to the Homeless

Q. Mr. President, Mr. President, please one domestic question, would you please? Sir, this is the question——

The President. Helen, will you yield to this?

Q. This is a question that will not wait. It's cold weather out there, and the growing number of hungry and cold people who are homeless in all of our cities—and these volunteers that you urge to take part in this and try to help have now made their surveys across the Nation. They've come back and said we can't feed the hungry and take care of the homeless by ourselves. We've got to have Federal help. You have no policy in the White House, I believe, to do this, and you're now just leaving this to local government and local groups. They can't take care of it. Won't you please give us a federally coordinated program with long-time planning?

The President. I think that in things of that kind we are still spending more than has ever been spent before trying to help the needy. I will be very pleased to look into that particular facet and see if there is some snafu there, but I don't think so. But I do think that many of these programs are being undertaken at a State and at a local level and with the aid of Federal financing. But I'll look into it.

Q. They're doing a great job, sir, but they simply say themselves—the churches, the nonprofits—we can't do it sufficiently. The number is growing so rapidly. They've got to have Federal help.

The President. No, well, as I'm saying, I'm going to find out, because I think and believe that there is such help. I just read this morning in the paper about a needy family in New York that is being put up in a hotel, and the cost to welfare just for the rent of the hotel room is $37,000 a year. And I wonder why somebody doesn't build them a house for $37,000?

Note: The President's 39th news conference began at 8:01 p.m. in the East Room at the

White House. It was broadcast live on nationwide radio and television.

Before answering the last series of questions, the President addressed Helen Thomas, who as the senior member of the White House press corps indicates when the news conference has ended.

Iran-United States Relations

Statement by the President.
November 19, 1986

There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran. But taking this into account, all of the shipments of the token amounts of defensive arms and parts that I have authorized or condoned taken in total could be placed aboard a single cargo aircraft. This includes all shipments by the United States or any third country. Any other shipments by third countries were not authorized by the U.S. Government.

Note: The President's statement refers to his news conference.

The National Floral Emblem of the United States of America
The Rose

Proclamation 5574. November 20, 1986

By the President of the United States of America

A Proclamation

Americans have always loved the flowers with which God decorates our land. More often than any other flower, we hold the rose dear as the symbol of life and love and devotion, of beauty and eternity. For the love of man and woman, for the love of mankind and God, for the love of country, Americans who would speak the language of the heart do so with a rose.

We see proofs of this everywhere. The study of fossils reveals that the rose has existed in America for age upon age. We have always cultivated roses in our gardens. Our first President, George Washington, bred roses, and a variety he named after his mother is still grown today. The White House itself boasts a beautiful Rose Garden. We grow roses in all our fifty States. We find roses throughout our art, music, and literature. We decorate our celebrations and parades with roses. Most of all, we present roses to those we love, and we lavish them on our altars, our civil shrines, and the final resting places of our honored dead.

The American people have long held a special place in their hearts for roses. Let us continue to cherish them, to honor the love and devotion they represent, and to bestow them on all we we love just as God has bestowed them on us.

The Congress, by Senate Joint Resolution 159, has designated the rose as the National Floral Emblem of the United States and authorized and requested the President to issue a proclamation declaring this fact.

Now, Therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim the rose as the National Floral Emblem of the United States of America.

In Witness Whereof, I have hereunto set my hand this twentieth day of November, in the year of our Lord nineteen hundred and eighty-six, and of the Independence of the United States of America the two hundred and eleventh.

Ronald Reagan

[*Filed with the Office of the Federal Register, 11:02 a.m., November 21, 1986*]

President's Commission on Executive Exchange

Executive Order 12574. November 20, 1986

ESTABLISHING AN EXPERIMENTAL PROGRAM WITHIN THE PRESIDENT'S COMMISSION ON EXECUTIVE EXCHANGE

By the authority vested in me as President by the Constitution and statutes of the United States of America, including the Ex-

EXHIBIT JMP-68

~~SECRET~~ UNCLASSIFIED

J 6097

SUBJECT: CIA Airline Involvement

In late November 1985, a CIA proprietary airline was chartered to carry cargo to Iran. The cargo was described to us as oil drilling spare parts. Although we did not know it at the time, the cargo was actually 18 Hawk missles. The chronolgy of the incident is as follows:

On 22 November 1985, the NSC contacted the Agency with an urgent request for a discreet, reliable airline that could transport bulky oil-drilling parts to an unspecified destination in the Middle East.

We offered the name of the CIA's proprietary airline as a company which could handle the NSC request. The NSC passed the name of our airline to the Israeli intermediary.

In the interim, we contacted our airline and told them that they would be receiving an urgent, legitimate charter request. The Israeli intermediary contacted the airline that evening (22 November) and made arrangements for the airline to pick-up the parts in [redacted]

The destination was changed to Tel Aviv and two of the airline's Boeing 707's arrived in Tel Aviv 23 November. The cargo was ultimately loaded onto only one of the aircraft. Loading was completed by 24 November and the aircraft proceeded to Iran via a stop at [redacted] then overflying [redacted] At the NSC's request, and for the protection of our aircraft, we helped arrange for the overflight clearances.

To the best of our knowledge, the Israeli intermediary did not know that they were dealing with a CIA proprietary, nor did airline personnel know what they were carrying. We in CIA did not find out that our airline had hauled Hawk missiles into Iran until mid-January when we were told by the Iranians.

The airline was paid the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. It had, in fact, made another legitimate flight into Tehran carrying commercial items prior to the 22-25 November incident.

Senior CIA management found out about the flight on 25 February. Although we did not know the nature of the cargo, we thought that any future support of this type to the NSC would require a Finding.

[redacted]

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Partially Declassified/Released on 7 July 1997
under provisions of E.O. 12958
by S. Rasor, National Security Council

~~SECRET~~ UNCLASSIFIED

EXHIBIT JMP-69

DCI's Iran Testimony for HPSCI and SSCI
21 November 1986

For the last five years, both the national security community and the intelligence community have been keenly aware and constantly concerned about the geopolitical position and the strategic significance of Iran. Much thought and effort has been devoted to how we might develop contacts and relationships which would provide a better understanding of what is happening there and establish contacts and relationships which might lead to improved relationships later on.

I recall speaking to [redacted] about the importance of our identifying and establishing contact with leaders in a future Iran. [redacted] we do not know who will emerge to lead Iran in the future, but that we must gather all the strands and hold them in our hands so that we will be ready. [redacted]

In the early fall of 1985, Bud McFarlane, after one of the weekly meetings which he as National Security Advisor and his deputy had with me and my deputy, asked me to stay behind. He told me about discussions he had had at the highest levels in Israel urging the desirability of discussions with officials in Iran and offering channels of access. He said that, for obvious reasons, only a handful of people in the Israeli and American governments knew about this effort. McFarlane emphasized that the purpose of such discussions would be the future relationships with Iran and Iran's great importance in the East-West and Middle East-Persian Gulf equation.

[redacted] Feb 2, 1987

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CIA's involvement began in late November when the Agency was asked to recommend a reliable airline that could transport bulky cargo to an unspecified location in the Middle East. The requirement specified that it be reliable and able to move fast. A proprietary of ours which regularly took on commercial ventures was designated. When the plane got to Tel Aviv, the pilots were told the cargo was spare parts for the oil fields and was to go into Tabriz. Our [redacted] decided that in order to protect the plane, [redacted] should be asked to get flight clearances into Iran. This was done. On 25 November 1985, the plane dropped the cargo in Tehran. To the best of our knowledge, neither the Israelis nor the Iranians knew that they were dealing with a CIA proprietary. The airline was paid the normal commercial rate which amounted to approximately $127,700.

All this was authorized by our Associate Deputy Director for Operations. I was out of the country at the time and the Deputy Director, then in charge, approved the flight as an urgent mission in keeping with the proprietary's normal business. But he directed that we would not provide any future flights into Iran in the absence of a Finding.

In the meantime, the Israeli proposal of probing the possibility of discussions with Iranian officials, including making small shipments of arms to establish our good faith and to induce them to use their influence with those holding our hostages, was discussed at one or two meetings of the NSPG principals in December and January. There were differences of view about the desirability of this policy, but it was decided that it should be cautiously pursued.

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On 7 December 1985, Bud McFarlane, then National Security Advisor, met in London with Israeli officials and the Iranian expatriate who was their intermediary to the Iranian government. At this meeting, Mr. McFarlane stated our goals of pursuing the relationship with Iran were these:

-- Devising a formula for reestablishing a strategic relationship with Tehran.

-- Ending the Iran-Iraq War on honorable terms.

-- Convincing Iran to cease its support for terrorism.

-- Helping ensure the territorial integrity of Iran and coordinating ways to counter Soviet activities in the region.

Mr. McFarlane made clear that in this relationship we would expect Iran to use its influence to achieve the release of Western hostages in Lebanon. He also made it clear that we could not and would not engage in trading arms for hostages. This matter was discussed again several times with the President and others in the national security community following the December McFarlane trip.

On 17 January 1986, a Presidential Finding was signed directing the CIA to provide operational and logistical support for a program aimed at three objectives (1) establishing a more moderate government in Iran, (2) obtaining intelligence to determine the current Iranian government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of American hostages held in Beirut and preventing further terrorist acts by these groups.

The Finding stated that the USG would provide moderate elements within and without the government of Iran with arms, equipment and related materiel in order to enhance the credibility of these elements in their efforts to achieve a more moderate government in Iran by demonstrating their ability to obtain resources to defend their country.

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In the Finding, the President directed the CIA to refrain from reporting the Finding to the Congress until otherwise directed. The Finding was reviewed and concurred in by the Attorney General.

At the time the Presidential Finding was being drafted, the CIA's Office of General Counsel provided the legal opinion that the President has the authority to withhold prior notice of operations from the Congress. Section 501 of the National Security Act expressly provides that notification of intelligence activities to the Congress shall be provided "to the extent consistent with all applicable authorities and duties, including those conferred by the Constitution."

The Act also states that the Intelligence Committees be informed of activities for which no prior notice was given at the appropriate time as determined by the President. This was a clear recognition that extraordinary circumstances could lead the President to conclude that notice of an operation should be withheld, in whole or in part.

The history to the Oversight Act shows that an accommodation recognizing both the President's constitutional responsibility and authority and the Congressional oversight responsibility and authority was reached in this legislative process. The subsequent procedures agreed upon by the DCI and the SSCI on reporting covert action operations provide that advance reporting of such operations would also be subject to the exceptional circumstances contemplated in Section 501 of the National Security Act.

The President has instructed me to advise you of his conclusion that the activities authorized by the Finding justified withholding prior notification due to the extreme sensitivity of the dialogue being established. He determined

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that if the fact of this program became known, those carrying out the dialogue (both U.S. and Iranian) and the American hostages in Lebanon would be put at a greater risk.

There have only been two Findings since the inception of the oversight process ten years ago which have not been briefed to Congress. This is second. The first was the Iranian hostage rescue mission of 1980.

Now I would like to explain exactly what activities were undertaken by the CIA in carrying out the directives of this Finding of 17 January 1986.

On 5-7 February 1986, U.S. officials (NSC), a representative of the Israeli Prime Ministry, and a senior-level Iranian official met in Germany. At this meeting, the U.S. side emphasized its desire to enter into a strategic dialogue with the Iranian side. The Iranians raised their desire to receive U.S. weapons. The U.S. agreed to explore this possibility. Working with the Israelis, the following mechanism for transfer of the weapons was established:

-- The Iranian intermediary would deposit funds in an Israeli account.

-- The funds would then be transferred to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would work with the Army Logistics Command to obtain the materiel.

-- The materiel would then be transported to Israel for future shipment to Iran.

Using these procedures, $3.7 million was deposited in the CIA account in Geneva on 11 February 1986 for the purchase of 1,000 TOW missiles and associated costs.

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On 15 February, Office of Logistics personnel delivered the 1,000 TOW missiles to Kelly Air Force Base. The missiles were then transported to Israel for onward shipment to Iran. CIA was not involved in the transportation of this shipment.

On 19-21 February, U.S. (NSC and CIA) and Iranian officials met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity and support for the faction we were talking to. This delivery was commenced on the morning of 20 February and completed in two transits to Tehran on 21 February. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

On 24 February, the same U.S. officials traveled to Germany where they met with the intermediary and an Iranian government official. At that meeting, the Iranian official provided a list of varying quantities of approximately 240 different spare parts needed for the Hawk missile batteries provided by the USG to Iran during the Shah's reign. The Iranian official asked for USG assistance in obtaining these spare parts as additional proof that this channel had the approval of the highest authority in the USG.

On 25 February, the U.S. officials, as they continued to do in later contacts with the Iranians, provided the Iranians with limited information designed to encourage an Iranian decision to negotiate an end to the war and increase Iranian awareness of the Soviet threat to Iran.

Throughout March and April, the Office of Logistics worked with DoD to clarify the items on the Iranians' list of spare parts and identify which items were in DoD stocks.

On 7 March, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on 15 May the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, a CIA communicator, members of the NSC Staff, and the Israeli and Iranian interlocutors.

On 16 May 1986, the Iranians provided $6.5 million through an intermediary for Hawk spare parts and an additional 508 TOW missiles. The receipt of the Iranian funds set into motion arrangements for the planned visit to Iran as follows:

-- The CIA Office of Communications provided secure communication equipment and the services of a communications officer to travel to Iran with the U.S. team

-- The CIA Office of Technical Service was tasked to provide ten [redacted] passports for use by the team and the air crew of the aircraft that would fly from Israel to Tehran. The Iranians insisted on the use of non-U.S. passports. [redacted] passports were chosen because the Israeli aircraft used for the journey carried [redacted] registration numbers.

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-- The Office of Logistics assembled the available Hawk missile spare parts at Kelly Air Force Base. The parts were then transported to Israel by a private contractor.

-- The Office of Logistics delivered 508 TOW missiles to Kelly Air Force Base for onward shipment to Israel by private contractor.

On 25 May, the U.S. team traveled to Tehran via Israel. The CIA provided two members of the team--a communications officer and a Farsi speaking annuitant with considerable experience in Iranian affairs. The annuitant provided translation services and advice to the team. He continued to be involved in subsequent meetings with Iranian representatives.

The U.S. team brought a single aircraft pallet of Hawk missile spare parts with them to Tehran at the time of the meeting. However, it was decided that the greater portion of the spare parts would stay in Israel for later delivery to Iran pending further progress in establishing the dialogue. We understand that those spare parts were ultimately delivered to Iran.

The 25-29 May meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group, in its discussions and observations, was also able to assess first-hand the internal political dynamic in Tehran and the effect of the war on Iran. Using Presidentially-approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest [redacted] through dialogue.

On 19 September, three Iranians traveled to the U.S. for detailed discussions with the U.S. team. These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran.

Throughout August and September, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts in an effort to develop the dialogue authorized by the Presidential Finding.

On 6 October, those Iranians traveled to Frankfurt for meetings with the U.S. team. [redacted]

On 26 October, more meetings were held in Frankfurt with the same participants. [redacted]

The Iranians proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted]

On 2 November, the Iranians provided $2.037 million and the Office of Logistics procured 500 more TOW missiles from DoD.

Those missiles were delivered by the Office of Logistics to Kelly Air Force Base on 6 November. A USAF C-141 aircraft carried the missiles to [redacted] where they were transshipped by a CIA air proprietary aircraft which carried the missiles to Israel.

This brings the record of CIA involvement in these activities authorized by the 17 January 1986 Presidential Finding up to date as of the present time.

In summary, a total of 2,008 TOW missiles along with various Hawk missile spare parts have been delivered under the Finding of 17 January 1986. 1,000 TOWs were delivered in February 1986; 508 in May 1986; and 500 in November 1986. We should note that none of the weapons came from CIA stocks.

We have received no requests to acquire any more materiel of any type for shipment to Iran under this program.

I would like to reiterate that the funds for the procurement of the material enumerated above, as well as for all associated costs, were provided by the Iranians themselves. Funding from Iran was transferred to CIA for deposit in a covert funding mechanism. This action provided secure means for control, payment, and accountability of all funding associated with this program. The Iranian funds, a total of $12,237,000, were deposited into a special account in a Swiss bank.

The only costs incurred by the CIA in this activity were expenses for the travel of CIA officers involved in the various meetings, the costs of hotel rooms [redacted] and operational support amounting to approximately $48,000. The costs for this support have been charged against normal operational accounts. Since all travel by CIA officials is routinely charged to such accounts, to do otherwise in the case of the trips undertaken during this program would have compromised the security of the activities.

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I am confident that my testimony is complete as to the basic facts of CIA's involvement, but let me assure you that we are still combing our records and will promptly report any new information that comes to light.

Let me make it perfectly clear that it was apparent to all that this initiative was a controversial one. Even those of us who supported going forward understood that it was a close call and a risky operation. There were no illusions.

Was it a reasonable call? Yes, I think it was. As the health of Khomeini has declined over the past year, we have seen an increase in factional infighting in Tehran. This infighting has been sharpened by severe economic problems, as well as the war with Iraq. There have been numerous arrests. This factional infighting has implications for both the United States and the Soviet Union. It was the Administration's judgment that any powerful Iranian faction seeking to reestablish ties with the West and willing to attempt to curtail Iranian support for terrorism was worth talking to.

It was in that context that the judgment was made that providing a small amount of defensive weapons would give this faction some leverage in the internal struggle by suggesting that there were advantages in contacts with the West.

As I stated earlier, Iran is not going to go away. Its geographic and strategic positions guarantee that it will remain a geopolitical force which the U.S. will have to deal with. If we do not establish ties to the various Iranian factions now we will be faced with the problem of doing so later. It is that simple.

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EXHIBIT JMP-70

[redacted] TOP SECRET [redacted] 86-402

EXHIBIT JMP-70

MEMORANDUM FOR THE RECORD

FROM: Eric Newsom

SUBJECT: Meeting with Admiral Poindexter on Iran

DATE: November 28, 1986

On November 21, Chairman Durenberger and Vice Chairman Leahy, accompanied by Bernie McMahon and Eric Newsom, went to the White House to meet Admiral John Poindexter, National Security Adviser to the President. The purpose of the meeting was to discuss Iran and sales of US arms to that country.

Poindexter began by assuring the senators that he was prepared to disclose all information about the contacts with Iranian figures and the transfers of arms. He said the Administration had not publicly laid out all details in order to protect the names of people in Iran. If their identities were disclosed, they could be endangered. He said there was also great sensitivity about talking publicly about the Israeli connection. This causes problems for the people we were dealing with in Iran.

Poindexter said the channel to Rafsanjani is still open. The Iranians with whom we had contact were still interested in carrying on a dialogue. We are satisfied the channel does reach Rafsanjani personally. We told the Iranians in advance about the President's speech and press conference on the Iran operation, which they appreciated. We understand the Iranian ambassador to the UN in New York was told to make positive comments after the President's press conference. While they did not warn us of Khomeini's blast at the President, the explanation is that Khomeini was egged on by the radical faction.

The project was exposed by political infighting in Iran [redacted] to get backing from the radicals and to embarass Rafsanjani. Montazeri revealed the US-Iranian contacts. This pushed Rafsanjani to attack the US to cover himself.

However, Rafsanjani made several egregious errors in his

Partially Declassified/Released on [redacted] under provisions of E.O. 12356 By R. Wade, Jr., National Security Council

(1819)

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speech against the US. Poindexter believes this was an effort to enable the US to disavow his story. He also let it be known that the speech was for domestic consumption.

Poindexter said that DCI Casey was not left out of anything in this project. He knows all about the operation, though he may not be familiar with every detail. The President, the Vice President, Meese, Regan, Casey, Shultz, Weinberger, McFarlane and Poindexter (after he became National Security Adviser) were involved from the outset.

From the first contact with the Israelis in July 1985 until McFarlane's resignation in December 1985, this was McFarlane's project. Poindexter took over in December. He was first fully informed at the White House meeting on December 7, 1985 with the President, John McMahon, Regan, Shultz, McFarlane and Poindexter.

Turning to the origins of the project, Poindexter said that in June 1985, Graham Fuller, NIO for the Middle East at the CIA, prepared an assessment of the situation in Iran. He concluded that it appeared possible to have an impact on the Iranian government. [redacted] They are now disillusioned and worried about the future of Iran. It is clear the cohesiveness of the Iranian government is disintegrating. The conservatives want to end the war, stop support for terrorism and reestablish good relations with the U.S. [redacted] The middle of the roaders, such as Rafsanjani are trying to steer a balancing course. The radicals are the hardliners on relations with the US and continuing the war. He said a large part of the Revolutionary Guard wants to end the war.

After discussions of Fuller's paper, a draft NSDD on US-Iranian relations was prepared. While it was being discussed, in July 1985, the Israelis sent an emissary to McFarlane to tell him they had a channel [redacted] There were discussions of this with the Israelis.

Poindexter said Israel's interest in this is different from ours, but there is some overlap. They want the war to continue to occupy Iran. They want a more moderate government in Iran [redacted] Poindexter said he suspects the Israelis have been shipping arms to Iran for several years.

Poindexter said that at the time of the Israeli contact, the US had no channel to the Iranian government. Our focus had been on the Iranian exiles. Poindexter said his views on the value of the

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had changed and he had concluded that the US will not get very far with them. The Iranian revolution is not reversible.

Poindexter said Casey put a retired CIA contract expert on Iran onto the project. He participated in hours of discussions with the intermediaries. Eventually, we changed from the Israeli channel, which was through an arms dealer. [redacted] It became clear that he was mainly interested in arms sales. Poindexter said one value of this channel was simply to gather intelligence on what was going on inside Iran and who was in what faction. Prior that that, we had very little useful information on this question.

Poindexter said the CIA expert's judgment was that we were getting through to the Iranian moderates who want to end the war. They fear their revolution is going to fail. They need to rebuild the Iranian economy and they fear the Soviets. They have no real animosity to the US and want to be able to turn to us.

Poindexter said he and Casey believe the conversations we have been having have delayed the Iranian "final offensive." We have told them we do not think they can win the war with Iraq or that the Soviets will allow them to do so. [redacted]

The Israelis told us limited arms shipments would be necessary to show the moderates they could display influence internally in their struggles. At first, we were opposed and McFarlane told the Israelis we were opposed to arms sales to Iran.

We were suspicious of the Israeli channel, but we wanted a dialogue with Iran. The Israelis then asked if they could ship arms as a signal (summer of 1985). McFarlane said no. They then said what about their doing it without our agreement? Would the US replace the arms? McFarlane said that practical political realities in the US meant the Israelis could in all likelihood get arms they needed from us.

Poindexter said that between August and December 1985, we tried to check out the Israeli channel. At the same time, the hostage situation was running on another track. We were trying to figure out how to get them out, [redacted] In late 1985 we set up a hostage-location task force with close coordinatio [redacted]

We were trying to find channels to the captors to try to pressure them into giving up the six hostages. We believed they

were held by a faction of Hizbollah, and were taken to try to free the 17 Dawa prisoners in Kuwait.

On December 7, 1985, there was a meeting of the President, the Vice President, Shultz, Weinberger, John McMahon (Casey's deputy), Regan, McFarlane, and Admiral Poindexter, the new National Security Adviser. McFarlane described the Israeli proposals for contact. The arms sales issue was discussed. The President decided there was a chance to meet several U.S. objectives. He authorized McFarlane to go to London to meet an Iranian expatriate to assess whether to proceed. A CIA person attended this meeting, which took place in December.

McFarlane was not enthusiastic about the Iranian expatriate, but he favored trying to get through to moderate elements in the Iranian government.

In January 1986, shortly after Poindexter took over, Prime Minister Peres sent a representative to see Poindexter. (At this point, Poindexter digressed to discuss prior Israeli actions. He said that in September 1985, we learned the Israelis sent 508 TOW missiles without US authority in late August. He believed they were delivered to Iran on August 30. McFarlane told the President about this in September. The President instructed him to tell the Israelis we did not like what they had done, but that we would not do anything because we wanted to pursue the channel to Iran. Poindexter said he did not learn of the September Israeli shipment until the December 7, 1985 White House meeting.) Peres' representative told Poindexter in January that he hoped the US would reconsider making limited arms sales to "lubricate" the channel. The President agreed we should reconsider. Reverend Weir had just been released, demonstrating that the Iranian moderates did have influence over the Hizbollah.

On January 7, 1986, there was another meeting in the Oval Office. Attorney General Meese was added to the attendance list. The President directed that a Finding be prepared for his signature. Poindexter said that either he or Casey had suggested that a Finding was necessary. Meese agreed that it was needed. Poindexter said that preparation of the Finding took a couple of weeks. Poindexter said that to his knowledge, the CIA had not been spending any funds on this project up to this time.

Pursuant to the Finding, which was signed in mid-January, 2008 TOW missiles and 235 HAWK missile parts were sold by the US to Iran. The Israeli 508 TOWs were counted in the overall 2008. The TOWs were bought by the CIA in May 1986 from the Defense Department under the Economy Act. The money for the purchase came

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from the Iranians. Some administrative costs associated with the project were paid by the CIA, about $47,000.

Poindexter said that he learned in January 1986 that Israel had sent 18 HAWK missiles to Iran on November 25, 1985 without US approval. He told the Israelis the missiles had to be returned from Iran, and they were returned in February. It is unclear whether there was prior knowledge by any US official of that November shipment. Poindexter said he was looking into that question right now. He did not know the details of that shipment. What he did know was that the Israelis had asked for a secure airline for a shipment. The CIA proprietary airline is [redacted] was identified to them. He said the CIA was unaware of what was in the shipment made on its proprietary. Yesterday (i.e., November 20, 1986) Poindexter learned that there could have been prior US knowledge of this shipment. (The CIA representative present [redacted] said that Mr. Casey would address this matter before the full committee later that morning.)

Poindexter said he was very disturbed to learn yesterday that there had been some important missing facts. He said he wants to clear this up. He said it is not fair to say this was an operation run from the basement of the White House. The US is still not precluded from making progress in the opening with Iran.

Poindexter said the US changed channels in August 1986. Contact is now through [redacted] of Rafsanjani, and we are confident that we get through to Rafsanjani himself.

Returning to the Finding, Poindexter said it was signed on January 17, 1986. It had been drafted by Stan Sporkin, CIA General Counsel. It contained a direction not to inform Congress. Poindexter said he took responsibility for that. He could not recall whether notifying the eight members of Congress was considered as an option. The meeting on the Finding was January 16. Casey, Sporkin, Meese and Weinberger met to discuss it. Shultz knew of the President's decision of January 7 to prepare a Finding. At the January 16 meeting, the participants discussed the question of notifying Congress. Meese said the President had the authority to withhold notification. The President was told of the notification issue and the implications of withholding it on January 17. Poindexter said everyone was concerned about the sensitivity of the project and he did not recall any disagreement about not notifying Congress. It was pointed out in the discussion that it would cause problems down the way.

Poindexter said the US gained from the project. We have a channel into the Iranian government at a high level. He thinks Rafsanjani is consolidating his control. There will be further

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discussion about what to do with this channel in the future. However, there will be no more arms sales to Iran. Poindexter said there has been a reduction in Iranian involvement in terrorism, starting in 1984 and continuing through 1986. [redacted] He said he thought there was still a chance to get the two original hostages out.

[redacted] The Iranians are anxious to free the hostages, but do not have total control over their captors. The Syrians have some influence. The captors still want to get the 17 Dawa prisoners out of Kuwait. [redacted]

Poindexter said access would be given to the SSCI staff to review [redacted] relating to this operation. He stressed that we still want to protect identities. He urged care in reviewing [redacted] because the Iranian expatriate is a liar and a con man and we could get the wrong impression. He said if there was any sense on our part that any information was being withheld, we should let him know and he would make sure it is provided.

Poindexter said we are not going to scrap the Finding. There will be an NSPG meeting on Monday to discuss where we go from here. There is still the potential of keeping the channel open.

EXHIBIT JMP-71

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<HEADER>
\MSG FROM: NSJMP --CPUA TO: NSPDT --CPUA [illegible]
To: NSPDT --CPUA PAUL THOMPSON

-- SECRET --

NOTE FROM: JOHN POINDEXTER
<SUBJECT>
Subject: NFAC
<TEXT>
fyi
*** Forwarding note from NSRCH --CPUA [illegible] ***
To: NSJMP --CPUA

*** Reply to note of 11/21/86 19:12

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
Subject: NFAC
Roger John. You must must be pretty well drained after the briefings given to Intel committees. That's not a terribly uplifting experience! I did it a bit or two for Ollie. I spent a couple of hours with Ed Meese today going over record with him. The only blind spot I by part concerned a chronology in November '85 which still doesn't ring a bell with me.

But it appears that the matter of not notifying [illegible] the formal procedure can be covered if the President made a "nunc pro tunc finding" before the transfer took place. Well on that score we ought to be ok because he was all for letting the Israelis do anything they wanted at the very first briefing in hospital. Ed seemed relieved at that. Caroline tells me that she has arranged for me to meet with the NFAC on Dec 8that 2:00pm. They want it to be closed but for the record. I don't mind either way but will be guided by whatever all prefer.

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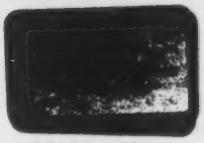
EXHIBIT JMP-72



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November 26, 1986, Wednesday, Final Edition

SECTION: FIRST SECTION, PAGE A8

LENGTH: 7708 words

HEADLINE: Transcript of Attorney General Meese's News Conference

BODY

Why don't I tell you what is the situation and then I'll take your questions.

On Friday afternoon -- or Friday at noon, the president asked me to look into and bring together the facts concerning the -- particularly the implementation of the strategic initiative in Iran and more precisely, anything pertaining to the transfer of arms. Over the weekend this inquiry was conducted. Yesterday evening I reported to the president. We continued our inquiry and this morning the president directed that we make this information immediately available to the Congress and to the public through this medium this noon.

Let me say that all of the information is not yet in. We are still continuing our inquiry. But he did want me to make available immediately what we know at the present time.

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What is involved is that in the course of the arms transfers, which involve the United States providing the arms to Israel, and Israel in turn transferring the arms -- in effect, selling the arms to representatives of Iran. Certain monies which were received in the transaction by representatives of Israel and representatives of Iran were taken and made available to the forces in Central America which are opposing the Sandinista government there.

In essence, the way in which the transactions occurred was that a certain amount of [redacted] by representatives outside of the United States with Iran for [redacted]. This amount of money was then transferred to representatives as best we know, can be described as representatives of Israel. They, in turn, transferred to the CIA, which was the agent for the United States government under a finding prepared by the president -- signed by the president in January of 1986. And, incidentally, all of these transactions that I am referring to took place between January of 1986 and the present time. They transferred to the CIA the exact amount of the money that was owed to the United States government for the weapons that were involved plus any costs of transportation that might be involved. This money was then repaid by the CIA to the Department of Defense under the normal procedures and all governmental funds and all governmental property was accounted for and statements of that have been verified by us up to the present time.

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The money -- [redacted] between the money owed to the United States government and the money received from representatives of Iran was then deposited in bank accounts which were under the control of representatives of the forces in Central America.

How much money, sir? How much involved?

We don't know the exact amount, yet. Our estimate is that it is somewhere between $ 10 and $ 30 million

How did it come to your attention?

In the course of a thorough review of a number of intelligence materials, this -- the hint of a possibility that there was some auditor made available for some other purpose came to our attention, and then we dealt with the individuals involved.

Why wasn't the president -- why wasn't the president told?

The president was told as soon as we found out about it

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And he knew nothing about it?

The president knew nothing about it until I reported it to him [illegible] yesterday morning that we still had some more work to do, and then I gave him the detail that we had yesterday afternoon

Is this what you were looking for when you began? Or is this just something that turned up in the course of your weekend investigation?

This turned up in the course of the investigation. The first thing that triggered, if you will, an inquiry, was the fact that as people prepared [illegible] testimony -- because this had been done in a rather compartmentalized way -- people prepared their testimony for the Hill on Friday, there were various things where facts -- there appeared to be more facts out there than we had already put together. And it was a matter, then, of the president requesting to talk with everyone who had any participation at all, because one agency was doing and the [redacted] agency was doing another thing -- there was very little paperwork [illegible] to determine precisely what all of the facts were because he wanted to be sure that he had all of the information about anything that may have occurred in the course of this whole situation. That was -- it was during the course of that inquiry that this information was found and then was followed out to the conclusions that I mentioned.

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General Meese, can you tell us who is running national security policy? Can you clear up for the American people, is Secretary [illegible] George P.] Shultz staying? Who is the new national security adviser? And what are you recommending in terms of possibly restructuring the White House staff?

In answer to your questions in order, at the present time, upon [illegible] John M.] Poindexter actually leaving his post. Al [Alton G.] Keel [Jr.], who

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[illegible] affairs. The president has not yet selected a replacement, but he will do so as soon as possible.

Secretary Shultz is remaining in his position as secretary of state. That has not been a matter of conjecture, or discussion, or inquiry. And the third part of your question?

Oh, what recommendations will we make? We will make whatever recommendations for further proceedings come out of it, but more particularly, the president will be appointing a small commission which will look into the procedures and role of the NSC [National Security Council] staff and will make specific recommendations to him as far as the process for the future.

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We've been told that the president was operating, from the beginning of this operation in June or July of 1985, on legal opinions -- not written, but oral from you. Now, one can ask, then, are you, at this point, sorry that you gave the advice that the NSC should do this operation, overlooking the objections of State and Defense?

The only legal opinion that was involved had to do with the routine concurrence with the finding of January 1986. That's the only legal opinion, or legal advice that was asked for, or that was given.

General Meese, who in the NSC was aware that this extra amount of money was being transferred to the so-called contras or under their control? Did Adm. Poindexter specifically know? Who else knew, and did the CIA know? Was CIA Director [William J.] Casey aware of this?

The only persons in the United States government that knew precisely about this, the only person, was Lt. Col. [Oliver L.] North. Adm. Poindexter did know that something of this nature was occurring, but he did not look into it further.

And what, if I could follow up, sir, what about CIA Director Casey?

[illegible] The Washington Post, November 26, 1986

CIA Director [illegible] Secretary of State Shultz, Secretary of Defense [Caspar W.] Weinberger, myself, the other members in the NSC -- some of us knew.

When you say that Poindexter knew, do you mean he approved of it?

No. Adm. Poindexter knew generally that something of this nature was happening. He did not know the details.

He did not try to stop it, though?

I don't know precisely when he learned it. He knew of it sometime during [illegible] year.

But he didn't try to stop it, sir?

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[illegible] to stop it.

General Meese, let me ask you this. In the course of your investigation, did you satisfy yourself that you know exactly how many shipments of arms went from the United States or Israel to Iran, and exactly what they contained? There's quite a bit of controversy over that

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We are fairly sure that we know of the shipments of arms, because we [illegible] some control. We know it was shipped out of DOD [Department of Defense] stocks. We will only know -- we only know at this time what the United States participated in. We don't know of any other arms sales that may have been made, but we do know those that the United States participated in.

Well, let me just follow up. Have you established in your investigation whether anyone in the United States government gave a wink, a nod, an accord or any kind of approval for shipments which Israel or any other third country may have made?

Well, all of the shipments that, in which the United States' equipment was involved, were made by, through Israel -- were made by Israel.

Was that legal? Was that legal?

Yes.

Mr. Attorney General, do I understand, sir, that what you're reporting on this morning and what the president reported on this morning is a discovery of diversion of funds? The central questions that have been asked for the last three or four weeks about the propriety of shipment to -- arms to Iran, about

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the U.S. arms embargo at the time, the questions that the Hill has been asking -- you have, if I understand correctly, we have heard nothing new on those questions today. Is that correct?

We have heard nothing new that hasn't been testified to essentially on the Hill. There may be -- we may have more information than has been brought to light already [illegible] dealt with Congress basically. I think Director Casey gave a pretty full [illegible] position.

But this today, the discovery and the announcement, rather, today of the diversion of funds -- we take it by Col. North -- that does not drive to any of those other questions. Did what Col. North do, is that a crime? Will he be prosecuted?

We are presently looking into the legal aspects of it as to whether there's any criminality involved. We're also looking precisely at his involvement and what he did, so that the conclusions as to whether there's any criminal acts involved is still under inquiry by us.

Isn't it at this time likely, even preferable from your point of view, that a special prosecutor be appointed to examine these questions? You're talking not only about the law about the Iranian transactions, but the congressional

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strictures against the military aid to the contras. Isn't it now time for a special prosecutor?

No. If we find that there is any criminality -- which as yet there have been no conclusions -- and if we find that anyone who is a covered person under the Independent Counsel Act is involved, then that would be the time to request an independent counsel, as we would in any other matter.

Is a grand jury -- to follow up -- is a grand jury taking evidence on this?

No. There is no grand jury at the present time.

[Inaudible] still saying it was not a mistake -- the policy was not a mistake, General Meese?

I think the policy, as the president said, to reestablish our relationship with Iran, to try to bring an end to the Iran-Iraqi war, to try to decrease the participation of Iran in terrorism in the Middle East, and to get our hostages back -- all of these objectives -- certainly were not [a] mistake.

The way it was carried out led to this diversion of funds by not including the other agencies.

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It didn't lead to the diversion of funds. The funds were transferred, and that's one of the things that has disturbed me and disturbed the president. This was not an inherent part of anything having to do with the policy itself. Instead, it was actually an aberration from the policy and from everything that had been described to the president and to the other members of the National Security Council.

[Inaudible] suggesting if Congress had been notified, don't you think it would have been unlikely for this to happen?

No. I think exactly the same thing could well have happened because this was something that was unknown to any of the officials that gave authorization for this in the first place.

Could you tell us what these funds were used for?

I don't know. I don't know that anyone does. They were just provided to the contras through [illegible] account, and that was the end, so far as we know, of anyone in the United States government knowing anything about what happened to them.

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How did you discover it, Mr. Attorney General?

How did we discover it? In the course of a review of documents, we came across a reference to the possibility of differences in amount between what was being paid by Iran and the amount of the actual weapons -- that was [illegible]

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[illegible] particular documents that we found. While it didn't reveal the whole situation, we then used that as the basis for proceeding further and discussing with one of the participants what this all meant. And that's how this was discovered.

When you talked to Col. North over the weekend, did he admit that he had done this?

[illegible]

I will talk about the facts. I think as far as anything that might possibly be involved in legal action as to who admitted what, I think it would not be appropriate for me to go into that.

One final follow-up, then. How did Col. North -- let me put it this way, these transfers of monies, did they only go through one man -- Col. North? Were there no other people involved?

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No transfers of money went through anyone. Bank accounts were established, to best we know, by representatives of the forces in Central America. And this information was provided to representatives of the Israeli government and the funds -- or representatives of Israel, I should say -- and then these funds were put into the accounts. So far as we know at this stage, no American person actually handled any of the funds that went to the forces in Central America.

[inaudible] Israel deposited money to accounts that it had been asked to deposit the money to -- Israel deposited money to accounts it had been given.

These are some of the details that we're still going into, because we haven't had a chance to interview everyone.

General, have you made any finding regarding the use of the National Security Council staff as an operational wing of the government, and that it would result in something like this?

This is what the board or the commission that the president will set up will presumably be looking at. We will probably be making recommendations on this regard.

[redacted]

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You made the long march with the president from California, and there are many, many reports that his California friends and supporters do think there should be a real shake-up at the top. Yesterday, a No. 2 man at the State Department really damaged the president's position in a way -- publicly -- by opposing it, differing and so forth. Do you think that Secretary Shultz has behaved in the proper style, and should he stay on? And what do you think should happen? What's happening to the president?

Well, I think you know that for the almost six years that I've been here I have never consented on any other member of the administration. I'm not going change that now. I do think -- I will say this. I think every member of the administration owes it to the president to stand shoulder-to-shoulder with him and support the policies that he has -- the policy decisions he has made. And

[illegible] know, as in this case, and where he has very courageously, I think, made it immediately available to the American public and to the Congress. And I intend to do that. Other people can speak for themselves.

Mr. Meese, setting aside what the president didn't know until last night about the diversion of funds, you have the spectacle of the top members of this [illegible]

administration fighting one another like cats and dogs over policy, and the president's credibility being damaged as a result. Have you done nothing to

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address that? Has anyone here addressed it?

I think, again, this would involve commenting on other members of the administration, which I won't do. I've already said what my position is, and my position is clearly that I think anyone who is a member of the president's staff or the president's Cabinet has an obligation either to support the policy decisions of the president or to get out.

Specifically, though, there have been published reports that you have recommended to the president or Mrs. [Nancy] Reagan or to someone that a change needed to be made at the White House staff. Is that so?

No.

Not true?

I have not -- the published reports I've seen are those which said that I was in league somehow with a, quote, "group of Californians" which had to do with major shake-ups in the government. I have not had any conversations with any Californians about such a group or making such recommendations.

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Have you had any conversations with Drew Lewis about replacing [White House chief of staff] Donald Regan, sir?

No.

You have not called Drew Lewis?

I have not called Drew Lewis, and he has not called me about getting the job.

Is the job open?

No.

Excuse me, sir. You said that between $ 10 million and $ 30 million surplus funds from the Iranian arms sale may have been diverted to sources in Central

I say, may have been transferred.

That's right. The public reports and what the White House has said suggests that only $ 12 million total was spent for these. What's the total cost of [illegible]

arms

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The difference is -- it was $ 12 million worth -- approximately -- worth of arms that was transferred from DOD stocks. That's --

Is that how the Israelis sold them for $ 10 to $ 30 million more than what

That's my -- that's the best of our understanding at the present time, sir.

Did you know they were selling them at a premium?

No one at a command level in the United States government did. No

What was the purpose, as you determined it, for setting up this special given the funding that's been approved, why was it that someone in the White House felt it necessary to funnel this extra money to the contras?

Well, I don't know precisely -- except that this was all done during a part when the funding was not being provided by the Congress. This was all done prio to the first of this fiscal year when funding was resumed. So, it was at a time when no funds were being provided by the United States government.

Is this definitely in violation in the law, then?

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That's something we're looking at at the present time because it depends on two things: precisely what was done and precisely who did it, in terms of what people who are United States officials, or United States citizens -- actually participated, and what their conduct was. That's what we're still looking at.

In your conversations with Adm. Poindexter, how does he explain not having alerted anyone that this was going on? As you said, he was aware of these happenings and --

Again, I'm not going into any precise conversations with anyone while the inquiry is still [redacted]. Let me just say that he did not notify anyone of this, particul[redacted]ident, or any of the other members of the National Security Coun[redacted]

Did he qui[redacted]red?

Adm. Poindexter resigned -- or actually requested reassignment to the Navy his own accord before anyone ever raised any question about this. He did this his own volition because he felt -- because he felt that it was his responsibility to take that action to avoid any possible confusion over this matter and to allow the president to have a new start in terms of his national security operations.

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When did he do that, sir?

He discussed it with me, yesterday, and he actually -- and he --

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That was after the information had come out about this diversion of funds to the contras, yes?

It was during the same conversation that I discussed with him that he mentioned what his feeling had been as to what he ought to do in regard to the whole matter.

But, it was only after he was aware that this had become public, and you knew about it.

No, it had not become public at that time.

But, that you knew about it, correct?

This is correct. However, I was led to believe that he had already planned to resign prior to his conversation with me, and he actually told the president this morning.

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You say the members of the administration should support the president or get out. Where does that leave the secretary of state?

I'm not talking about any particular person. Conclusions are your business, not mine.

Would you, please, clarify the whole question of the president condoning a third-country shipment prior to signing this order -- this intelligence finding in January. Exactly what did the president know, and when did he know it? Who told him the details were, in terms of Israel shipping arms to Iran, apart from this additional question of shipping arms to the contras?

This is still being looked into. The president did not have full details on all of the aspects of transactions that took place prior to the finding. There were -- there was at least one transaction that we know about in which Israel shipped weapons without any authorization from the United States. There was another transaction of a similar nature, although there was probably knowledge on the part of people in the United States about it, and this --

When was that?

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-- is one of -- there was a transaction, one transaction in late August or September, and there was another transaction in [illegible] of '85 -- in November. And in the November transaction, actually, these weapons were returned to Israel, it's our understanding. That was -- that whole -- both of those transactions took place between Israel and Iran, did not involve, at that time, the United States.

At what point did the president know? You said he didn't have the full details.

What details did he have about those transactions, and when did he have them?

The president -- this is one of the things that we're recollecting now. The president was informed generally that there had been an Israeli shipment of weapons to Iran sometime during the late summer, early fall of 1985, and then he later learned in February of 1986 details about another shipment that had taken place in November of '85, which had actually been returned to Israel in February of '86.

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If he didn't really know, why did he call Shi- mon Peres to thank him [illegible] after Benjamin Weir's release? Why did he call the then Israeli prime minister to thank him for Israel's help in sending that shipment of arms?

Well, he thanked -- he called -- I don't know, because that's something I have not discussed with the president specifically, the call to Shamir [sic], but I think there was no question that the Israelis had been helpful in terms of their contacts with other people in regard to Weir.

Attorney General, Adm. Poindexter has told reporters that the president verbally authorized that shipment in September of 1985 from Israel to Iran. Do your information dispute that?

Our information is that the president knew about it probably after [illegible] and agreed with the general concept of continuing our discussions with the Israelis concerning these matters. That's the information I have.

But who had the authorization ability, if not the president? Who can authorize --

Well, nobody -- to my knowledge . . . To my knowledge, nobody authorized that particular shipment specifically.

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The Israelis [illegible] on their own?

That's my [illegible] yes.

Do you know [illegible] claim that they never did anything without the full knowledge, und[illegible]nd consent of the United States government?

My understanding is that in terms of that particular shipment -- and this is one of the --

Which one? The September '85?

The September -- August or September, it's either August or September -- on that particular occasion, it was done at their -- on their own motion by the Israelis. It was known to us, and it's uncertain as to whether it was known before or after, and --

Didn't [former national security adviser] Bud [Robert C.] McFarlane meet with an Israeli official just at that time?

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Wait a minute. Let me finish my answer -- and that it was, however, after the fact, at least, was condoned by the United States government.

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You [illegible] in order to make a distinction between the Israeli government and Israelis that were involved in the diversion of funds. Are you implying that there was somebody outside the government and that they are, in fact, the kingpins behind the -- this operation to divert the funds?

Well, one of the things that's very difficult is to be talking about [illegible] the middle of an inquiry which is not yet complete. We don't know all the facts. And so, as far as things that are happening other than involving United States persons or United States government officials that we have talked to, we don't know all the facts. That's why I'm being very careful to say that, at best we know, they were representatives of Israel. Whether they were specifically authorized by the government or not is one of the things I would assume we will find out.

What's to prevent an increasingly cynical public from thinking that you men, looking for a scapegoat and you came up with this whopper, but it doesn't have a lot to do with the original controversy?

Well, the only thing that I can say is that we have been very careful to lay out the facts for you and for the American public just as rapidly as we've gotten them -- much, much different than we would do in a normal inquiry or investigation, when we usually wait until the inquiry is complete. But this

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president felt that in the interests of getting the full story out, that he should make the statement that he did today and that I should appear before you and answer questions -- which I think you will agree is doing everything we can do to be sure that there is no hint that anything is trying to be concealed.

Mr. Meese, how high did this go? In other words, do you believe, and are you being asked to believe, that a lieutenant colonel took this initiative and had these funds transferred, and that only Adm. Poindexter knew about it? How high did it go?

Well, what I have just said is an accurate picture of what we know at this time. And to the best of our knowledge -- and we have checked this rather extensively -- it did not go any higher than that.

Mr. Meese, was [retired major] general [John K.] Singlaub or [retired major] general [Richard V.] Secord or anybody in that network providing aid to the contras -- were they involved in this?

Well, I can't tell you because we have not completed our inquiry, and the only names that I have used are people with whom we have talked and have pretty good information as to who's who.

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You've talked about giving us this information about the funds to the [illegible]

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Congress specifically forbade you, or [illegible] from directing or providing support to the contras. Haven't you, based strictly on the information you've given us today, violated the Boland amendment, and hasn't one of the president's staff members overseen that?

This is something that we are looking into at the present time. As to the specific applicability of variety of laws and whether the acts that particular

persons involved were in violation of those laws, I'm not prepared at this [illegible] to make a legal conclusion because that's still under consideration.

Would you tell the president that the Boland amendment might have been violated, and that's why you were taking this action?

My answer remains the same.

Mr. Meese, you say Adm. Poindexter is being reassigned. Should he be reassigned without any determination being made as to whether or not there has been any criminality involved here?

Well, he is a naval officer, a very distinguished naval officer. He has asked to be returned to the Navy, and the president has agreed to allow him to do

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that. So it's a matter of him deciding to relinquish his position as the assistant to the president for national security affairs. So he automatically goes back to the Navy, as he's requested.

[Inaudible] Do you believe, or has the president expressed to you some concern that perhaps he needs to change some of his staff operations in order for him to receive more information and have more of a hands-on presidency?

It's not a matter of having a hands-on presidency, it's making sure that those people who are working for him are following the procedures. That's one reason why he has this commission which will be reviewing specifically what those procedures and what those standards of conduct are. As far as what the president didn't know, I only mentioned two times -- one time where he knew nothing, which was the transfer of funds to the forces in Nicaragua. The other thing was where he didn't have complete information at the time regarding the November transaction. And in the summer the August situation in which he was informed of that, but after the fact. And it's my understanding that the United States individuals involved were also informed after the fact.

But does he believe that he has been badly served? Is he angered by this?

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I think what -- that that calls for a conclusion. I'm just talking about facts.

What does this do to your credibility with Congress? I mean, how can your people now go down to Congress and look them in the eye when they passed [illegible] opposing funds for the contras and your administration, however it happened, wound up sending that money?

I think the same way you do when anybody in the administration does [illegible]

that is not correct. And that is, you go down to Congress and [redacted] exactly what happened, which is what the president and what I did today. I don't think anyone can be responsible if someone on the lower echelons of government does something that we don't feel -- or that -- objectively viewed as not correct. But when that happens and you find out about it, you investigate it and you take the necessary action, which is exactly what we did and what the president has done.

Mr. Attorney General, will you cooperate with Congress?

It's my -- I don't like to -- I want to get Larry's [White House spokesman Larry Speakes] permission [to take additional questions], but I'm no, really a masochist.

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Congress will undoubtedly require its own investigation, on the theory that the administration cannot properly investigate itself in this matter. Will you cooperate with a congressional investigation?

I don't accept your premise that Congress will feel that we can't investigate ourselves. We're not investigating ourselves. We're investigating certain people within the administration. There's no question whatsoever or no implication that anything that was done was administration policy or directed by top administration officials. However, the president has already directed -- as he told you, I think almost two weeks ago -- that he wanted all members of the government to cooperate fully with the Congress so that all the facts would be presented to them. And that's why such an immediate presentation to the Congress was made, as it was this morning.

Sir, was there -- can I ask you, what did Col. North actually tell you? Why did he do it, and who was the money deposited? Was it in one bank or several banks?

I'm not going to go into specific conversations, for the reasons that I mentioned earlier. My -- the information we have at the present time is that it was done because this was during a period when Congress had not provided money to the contras; it was done during a time in which, it is my understanding,

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that provisi[redacted]de by Congress to persit the United States to seek funding of th[redacted]caragua from third countries and -- what was the other part of [redacted]? . . . . And the bank accounts -- my understanding is that the ba[redacted]were in Switzerland and that they were -- where normal deposits are made into accounts -- into numbered accounts, and then this was withdrawn by the representatives of the forces in Nicaragua.

Was [contra leader] Adolfo Calero involved? Was he the man that North contacted?

I'm not going to be able to talk about people where I don't know specific facts.

I would like to know what's going to become of Lt. Col. North, and if he's going back to the Marine Corps?

Lt. Col. North has requested to return to the Marine Corps, and that has

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[illegible] that he has already indicated that he is retiring from the Marine Corps, but that I'd have to check.

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You said that it is time for the president's men to stand shoulder to shoulder -- that that is your belief. But specifically, what did the president instructed of his Cabinet members in that meeting yesterday that lasted for two hours, that he wants to have happen now?

You know that I never comment on meetings with the president and what was said there.

Could you say -- since that money was owed to the U.S. government, the $ 30 million or $ 40 million, are you going to --

No, it was not owed to the U.S. government. All the money that was owed to the United States government was paid to the United States government.

Are you going to require that that additional money that went to the contras go back to the U.S. government?

We have no control over that money. It was never United States funds, it was never the property of United States officials, so we have no control over that whatsoever.

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Inaudible] Can the president legitimately expect to get anything accomplished on Capitol Hill unless he makes some changes?

I think the president has already indicated that he will make some changes. One of the things he's going to do is to have a commission to review the procedures and the role of the National Security Council staff. Already, Adm. Poindexter has requested return to the Navy, so the president can make some changes in this particular spot. So I think the changes are already under way.

Robert McF[illegible], the former national security adviser who was deeply involved in this whole project, did he know about this diversion of funds to the contras?

Bud McFarlane knew about it. He was told about it in the middle of the year -- April or May of 1986 -- at a time when he was no longer in the government.

So he was aware of this while it was going on?

That's my understanding, yes.

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And possibly an illegal act -- an illegal diversion of funds?

You're coming to conclusions that we haven't made yet.

Why did the administration decide not to send medicine and humanitarian aid, and isn't it true that if you had decided to go that route, you wouldn't be in

the mess you're in?

That's a matter for foreign policy expertise. Justice is my [illegible]

Do you expect further resignations or some other way for this administration to establish its credibility and to show that its Cabinet is functioning?

I think that the administration has already demonstrated its credibility by the full disclosure of the facts. I think there's no question the Cabinet is functioning right now -- as witness the meetings we've had yesterday and today -- and I know of no other resignations that are either contemplated or requested.

Do you mean to suggest, sir, that the Congress may have authorized what Col North did in raising funds for the contras and third countries? Did you mean to suggest that?

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I certainly, Congress never specifically authorized what Col North did. The question that has to be looked at, as a legal matter, is whether he committed any violation of law at the time he did that.

But, were you suggesting that the intelligence committee may have given its go-ahead to the CIA, for instance, to raise money from third countries?

No, I did not. I did not consent on that aspect of it at all. All I said -- the only point that I'm making -- is that before determining whether there is any criminal offense, you have to find out what, how the law applies to specific acts -- and that's going on at the present time.

To follow up, sir, could you explain how it is that the president's national security adviser, who has the president's ear, could not, at least, inform the chief of staff, Mr. Regan, of this?

I cannot [redacted] it other than the fact that it happened.

Since no other than those two men knew about this, and since the president insists that he did not make a mistake in the Iran deal to begin with, why was the investigation begun? Why did he come to you last week and say, "Look into this"?

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He didn't. I came to him.

Why?

Because as the various -- I had been in meetings -- in looking at the various aspects of the testimony -- and there appeared to be things that we [illegible] one person had done this and one person had done that [illegible]

the very necessary secrecy involved in this, and -- a highly cooperative [redacted] nature of the operation, a lot of people did not know certain things that were going on, that were being done by others. My suggestion to the president was that we get all of the facts together to be sure that anyone testifying before Congress was being absolutely accurate, not only as to what they knew, but as to other facts, since they were representing the administration. The president suggested that that be done -- that the facts all be pulled together. It was in

the course of time, that this information came to light.

In your inquiry, did you determine how much information the State Department had gotten -- had in reference to contra money -- but in the whole aspect of this Iran connection, did, were they informed, or weren't they?

Well, I think Mr. Shultz has said that he participated in certain meetings, and did get certain information, that he had opposed the concept, if any

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transfer of arms, and that he was not involved, nor was he informed about any of the implementing steps. And everything that I have found, including my discussions with Mr. Shultz himself, verify that that is essentially correct.

Whose money was misappropriated? If it wasn't the United States government funds --

I don't know that anybody's money was misappropriated.

Can you explain a little more about how the pricing of these weapons took place -- I mean, who is it was who set the price for the Iranians, and how that occurred? Was it North? Was it the Israelis?

My understanding is that all of that took place in negotiations between people which we might call "loosely" representing Israel and people representing Iran. And, so -- that this was not done in the presence of, or with the participation of any American persons, to the best of our knowledge to this time. That's one of the things that we'll be looking into.

Did Israeli officials know that this money then was being transferred to the contras -- that that was the goal or the target of it?

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I don't know [redacted] Israeli officials, as opposed to representatives, depending on who the people were, knew -- that's one of the things again that we will be looking at.

Who were the Israelis and who were the Iranians?

Again, I can't mention any names until we actually have those things pinned down, which is one of the things we'll be looking at.

Was this Col. North's idea? Was it Col. North's idea -- if we can find the amount of money the Iranians are paying, we can take that extra money and give it to the contras? Did he come up with the original idea? Was it an Israeli idea? And a second question, sir -- there have been allegations that Vice President Bush was involved in supplying money or aiding the supply of money to the contras. Do you know whether or not he was aware of this project, or all?

First, I don't know precisely what the conversations were -- who said what to who -- when this thing first got started. Again, it's a matter that is still under investigation. I do know that the president -- that the vice president did not know about any of this until yesterday when I informed him of essentially the same information I had given the president.

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How is it that so much of this can go on and the president not know [illegible] the president of the United States. Why doesn't he know?

Because somebody didn't tell him, that's why. And remember, we're talking about -- from situations over a period of some six or eight months, and the people who were involved in the situation didn't tell anybody, including the president. So, it's common understanding why the president wouldn't know, because no one in the chain of command was informed.

Mr. Meese, if they weren't U.S. funds, whose money was this?

Well, I think that's -- I would assume that it either belonged to the party that -- who had sold the weapons to the Iranians, or it belonged to the party who had bought the weapons and given the money. That's -- but I think it would probably be the party that had sold the weapons to the Iranians.

Sir, were any of the principals on the Iranian or the Israeli side -- they involved in cases that the Justice Department was prosecuting or investigating separately -- first? And second, was that --

Not to our knowledge, in answer to your question.

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Were there bank accounts -- is there any evidence or indication those bank accounts were set up by the CIA?

No. There's no indication at all.

Or that the Iranians did it with the help of the CIA?

No. There's no indication whatsoever, to the best of our knowledge -- that the CIA knew anything about it.

Can you explain, sir, why, if it was the people who are leaving today -- were the ones who proposed to the president the idea of arms shipments to Iran -- if, perhaps, they had other information from the president on that policy, well, why doesn't the president ask for a reexamination of that policy? Perhaps the four goals that you mentioned, which they proposed -- that there's a question about them, as well? Perhaps the president has been misled about the larger policy, as well, since we know that Secretary Shultz opposes it and Secretary Weinberger opposes it, but the main advice came from NSC, from the people who are now leaving. Don't you think the president should reexamine the policy as well?

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No, because the people who are leaving today were not the people that proposed the policy to the president. The policy was proposed initially as a result of conversations with Israel. It was then presented to the president by the then-assistant to the president for national security affairs. It was

discussed with all of the members, in January, with all of the keepers of the National -- or almost all of the members of the National Security Council and that on the National Security Council there was a split of opinion. But after hearing all of the arguments, pro and con, the president decided that the potential for achieving the goals of effecting peace in the Middle East, [illegible] secure that area, stopping a war and obtaining our hostages was worth the [illegible] involved.

Can you say that when the president made that decision -- who was his national security adviser?

Adm. Poindexter was actually -- it really was at the time when Bud McFarlane was leaving. The discussions with the president about this specific series of events had gone on under Mr. McFarlane during 1985 and the specific discussion of some of these things that led to the finding in January had actually started in December, while Mr. McFarlane was here.

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He was transferring out during the latter part of December and the early part of January. At that time, Adm. Poindexter came in.

So he knew about details of this operation but didn't tell anyone in the administration for --

Mr. McFarlane?

Yes.

He didn't learn of this, of the transactions involving the forces in Central America until probably April or May of 1986.

Why did he [illegible] anything to the president?

I don't know.

He did go [illegible] for the president --

He didn't --

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-- in May of that year, right? He was a representative of the president.

That's correct. Whether he talked with the president during that period of time, I don't know.

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Well, why should the president take these people's advice, sir?

Well, because -- the president didn't just take these people's advice as to the overall policy. He had the advice of the entire range of his national security advisers.

Most of them advised against it.

All of his advisers . . . two of -- some of whom advised against it, some of whom advised in favor of it.

Who else advised in favor of it besides members of the NSC?

As you know, I don't talk about who gives advice to the president.

The people who you say profited from this diversion of funds, these then are the people that we were working with, people perhaps that were even aboard the

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plane with Mr. McFarlane into Iran . . .

No, no. The people who profited? I don't know that anyone profited. The fun --

In Israel, who you say --

I don't know that anyone in Israel --

owned the money that got diverted into --

The money that was transferred to the forces in Nicaragua -- I don't know that anyone who was involved in that transaction was necessarily on the plane with Mr. McFarlane. That's something we haven't gone into yet.

We now know of three specific shipments, unless I'm mistaken -- the one in late August, early September, as you've described it; one in November, which was returned to Israel; and then another one in May. The diversions of funds took place from which of these or all three of these?

There were several shipments -- there were, I believe, three or four shipments during 1986. I can't give you the precise dates. The transfer of

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funds were involved with at least one and possibly three of those shipments during the period from roughly January of 1986 or February through probably September of 1986.

Mr. Meese, Mr. [Eugene] Hasenfus is in jail in Nicaragua, as you know, for running supplies into Nicaragua to help the contras. Did his mission, can you now say, was it in any way funded by any of these diverted funds?

I have no knowledge and I doubt if we'll ever find out since we have no information about how those funds were used once they were ultimately received.

GRAPHIC: Photo, President Reagan steps aside as Attorney General Edwin Meese III prepares to speak to reporters at the White House. (President Reagan and

EXHIBIT JMP-73

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Partially Declassified/Released on 5 MAY 82
under provisions of E.O. 12356
Reagan, Ronald, Natl Sec. Council

UNCLASSIFIED

11/17/86 2000
(Maximum Version)

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted]

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they precipitated the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Yisrael, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

EXHIBIT
JMP-73

Iran, the key to a region of vital importance to the West, is increasingly threatened by growing Soviet military and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran which serves Soviet strategic interests in the area.

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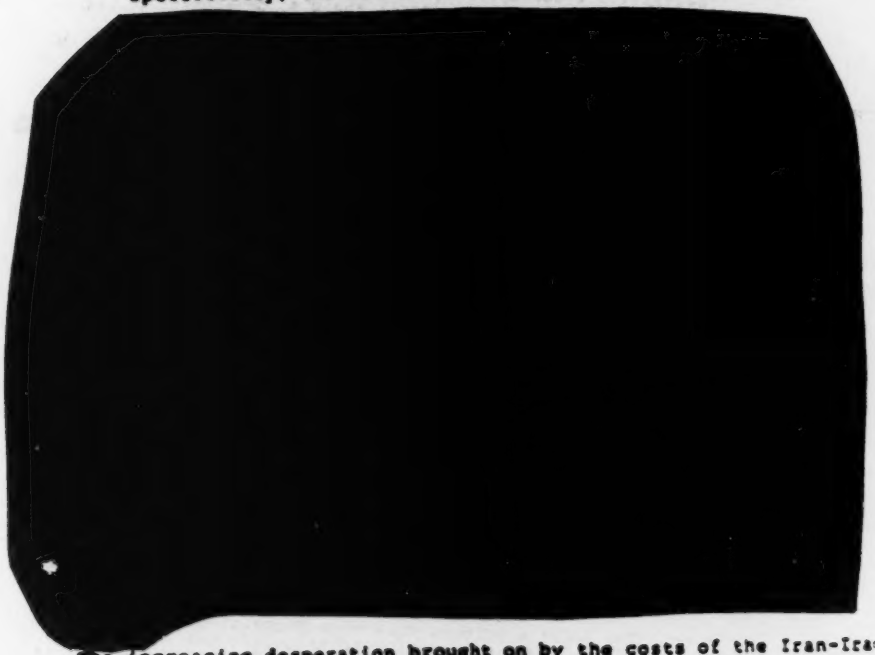
-- Communist nations have become principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly threatening Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the Communist influence in Iran stems from:



The increasing desperation brought on by the costs of the Iran-Ira war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to significantly improve their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. However, internal splits and debates made it difficult for them to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In 1985, a private American citizen (Michael Ledeen) was approached by a representative of the Israeli government (David Kimche), who reported that they had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based in large part upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, the U.S. established an indirect contact with the Iranian intermediary in mid-1985, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of state policy.

MORE DETAILS re MTGS * CUT & OTHERS

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

RECORD OF OUR VIEWS SET TO ID. DESIST CHECK HOWARD

On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesed in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

CHECK WITH BUD & PAUL

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

On October 4, 1985, Islamic Jihad announced that it had 'executed' Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed

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Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 basic HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. These missiles were subsequently returned to Israel in February 1986, with U.S. assistance. On December 6-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.
- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran was willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. In accord with extant statutes, the President directed that the Director of Central Intelligence ~~refrain~~ from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted] a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted]

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[redacted] met in Germany. At this meeting, the Iranians agreed that, if the USG would provide TOW weapons to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. The TOWs were off-loaded and placed in a covert Israeli facility.

On February 19-21, U.S. and Iranian officials (NSC and CIA) met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

[redacted]

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the

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effort in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn [redacted] in retaliation for the U.S. raid on Libya.

[redacted] The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death. [redacted]

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Adviser McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] was obtained from the CIA.

In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab A), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

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-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the hostages.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint. On August 3, three pallets (less than ¼ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran (from Israel).

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarchy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] relative [redacted] of a senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to

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be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new and Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian, [redacted] urged that we take a more active role in support for the Afghan resistance [redacted]

The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] At this meeting, [redacted] stated that there was a "very good chance that another American or two would be reed soon." On October 29, with U.S. acquiscence, Israel provided Iran with an additional increment (500 TOW missiles) of these defensive weapons.

Late on October 31, [redacted] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this was part of the purpose of the Iranian Foreign Minister's visit to Syria. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating; [redacted] On November 2, David Jacobsen was driven to a point near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a highly fabricated version of the May 1986 McFarlane mission in his

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November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son in-law of Aytollah Montezari, for acts of terrorism and treason has caused further internal conflict. Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements.

[redacted] Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapprochement with Iran we are seeking.

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-- Cleared meeting sites in Europe for meetings with Iranian officials.

-- Fabricated and alias documentation for U.S. and foreign officials for meetings in Europe and Tehran.

The weapons and materiel provided under this program were judged to be inadequate to alter either the balance of military power or the outcome of the war with Iraq. They have, however, demonstrated the U.S. commitment to Iranian territorial integrity and served to support those in Iran interested in opening a strategic relationship with the U.S. U.S. efforts over the last 18 months have had tangible results on Iranian policy:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 would not be received in Iranian territory if it left Karachi.

-- [redacted]

-- The release of three American and at least two French hostages.

-- The initiation of an Iranian dialogue with their regional neighbors.

-- Continued delay in the Iranian "final offensive."

Finally, it must also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

EXHIBIT JMP-74

[redacted]

[redacted]

EXHIBIT
JMP-74

[redacted]

[redacted]

[redacted]

[redacted]

FILE: OPNAVI [redacted]60 WHITE HOUSE COMMUNICATIONS AGENCY

replacement a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own public interests that would be served by fostering such a dialogue on behalf of the US but that [redacted] problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US--they had done so for a generation and would do so in the future--but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support some attempts with materiel, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14,1985, Ambassador Benjamin Weir...(continue as written on page 4)

(At end of para, insert the following) He subsequently learned that in late August the Israelis had transferred 100 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although none of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our position against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress [illegible] as long as [illegible] groups were so dominated by Iran hold US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges. Mr. McFarlane acknowledged the position but stated we could not change our position and returned to Washington. He described the President and appropriate Cabinet officers, recommending that no further action be pursued, he then left the government.

WITHDRAWN PAGE

(Note: Enter at the appropriate place, the following account of NSC's involvement in the May meeting.)

[redacted] advised

In April, Mr McFarlane was contacted and [redacted] that further staff-level contacts had been pursued since he had left government that had led to an arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text).

cc: OSAGE --CPOS ALTON W. KEEL

OC[illegible]:mjf

[redacted]

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EXHIBIT JMP-75

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(Historical Chronology)

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

Partially Declassified/Released on 22 Jan 1997
Under Provisions of E.O. 12356
by B. Rager, National Security Council

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Declassify: OADR

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(1259)

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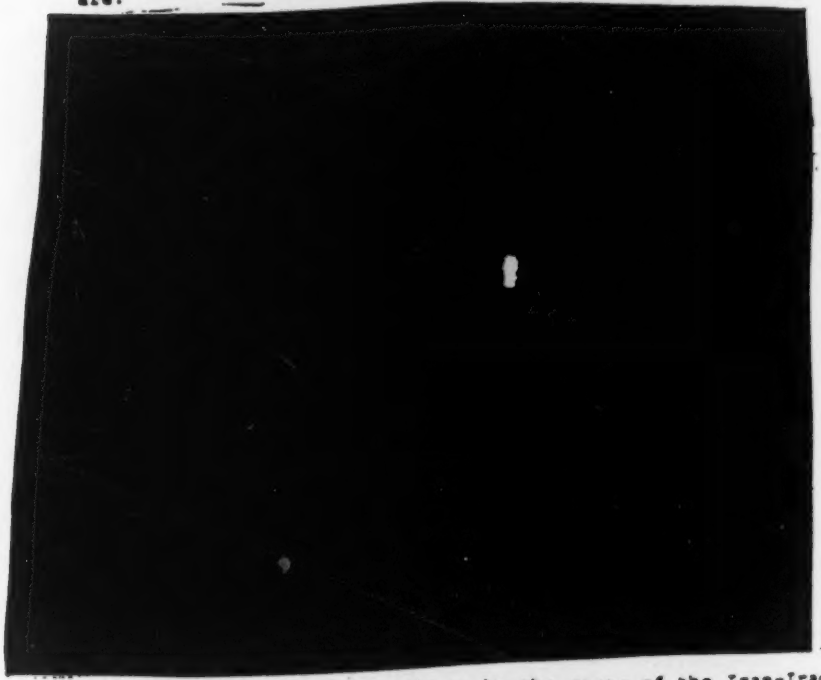
-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:



The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1983, various countries have been engaged in overtures to the U.S. and Iran in an effort to stimulate direct contact [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In the spring of 1985, a private American citizen (Michael Ledeen) learned from an Israeli government official (David Kimche) that the Israelis had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the Iranian officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

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On July 1, 1985, during a visit to Washington, an Israeli official (Kimche) advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high-level dialogue. The Iranians were described as comprising the principal figures of the government (i.e., Speaker of the Majlis Rafsanjani, Prime Minister Musavi, and Khomeini's heir-apparent, Ayatollah Montazeri) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli as to why he found the Iranian proposal credible, given the events of the past six years. The Israeli replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks. He noted that the Iranians had exposed themselves to possible compromise by meeting with Israelis and by passing extremely sensitive intelligence on the situation (and political line-up) within Iran -- information which was proven valid.

The Israeli asked for our position on opening such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This decision was passed to the Israeli diplomat by telephone on July 30.

On August 2, 1985, the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position to the Iranian intermediary and that the Iranians had responded that they recognized the need for both sides to have tangible evidence of the bona fides of the other and that they believed they could affect the release of the Americans held hostage in Lebanon.

According to the Israeli, the Iranians separately stated that they were vulnerable as a group and before having any prospect of being able to affect change within Iran they would need to be substantially strengthened. To do so, they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of U.S. equipment. The Israeli asked for our position on such actions.

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Mr. McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that, while he could understand that assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible materiel; at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military materiel. This was conveyed to the Israeli.

On August 22, 1985, the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the U.S. Government would be to an Israeli transfer of modest quantities of defensive military materiel. McFarlane replied that to him, such an action would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the U.S., but that a problem would arise when ultimately they needed to replace items shipped. He asked whether Israel would be able to purchase replacements for items they chose to ship. McFarlane stated that the issue was not the ability of Israel to purchase military equipment from the U.S. -- they had done so for a generation and would do so in the future -- but rather the issue was whether it was U.S. policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the Director of Central Intelligence). The President stated that, while he could envision providing materiel support to moderate elements in Iran if all the Western hostages were freed, he could not approve any transfer of military materiel at that time. This position was conveyed to the Israeli diplomat.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

In late September, we learned that the Israelis had transferred 508 TOW missiles to Iran and that this shipment had taken place in late August. The Israelis told us that they undertook the action, despite our objections, because they believed it to be in their strategic interests. The Israelis managed this entire operation, to include delivery arrangements, funding, and transportation. After discussing this matter with the President, it was decided not to expose this Israeli delivery because we

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wanted to retain the option of exploiting the existing Israeli channel with Tehran in our own effort to establish a strategic dialogue with the Iranian government. The total value of the 508 TOWs shipped by Israel was estimated to be less than $2 million.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

HAWKS

In mid-November, the Israelis through a senior officer in the Prime Minister's office (Amiram Nir), indicated that the Government of Israel was convinced that they were nearing a breakthrough with Iran on a high-level dialogue. The Israeli asked a U.S. official (North) for the name of a European-based airline which could discreetly transit to Iran for the purpose of delivering passengers and cargo. We were assured, at the time, that the Israelis were going to "fly oil drilling parts as an incentive," since we had expressed so much displeasure over the earlier TOW shipment. The name of the proprietary [redacted] was passed to the Israeli, who subsequently had the aircraft chartered through normal commercial contract for a flight from Tel Aviv to Tabriz, Iran, on November 25, 1985. In January, we learned that the Israelis, responding to urgent entreaties from the Iranians, used the aircraft to transport 18 HAWK missiles to Iran in an effort to improve the static air defenses around Tehran. The Israelis were unwitting of the CIA's involvement in the airline and the airline was paid at the normal commercial rate (approximately $127,700). The airline personel were also unwitting of the cargo they carried.

The Israeli delivery of HAWK missiles raised serious U.S. concerns that these deliveries were jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986.

On December 7, the President convened a meeting in the White House (residence) to discuss next steps in our efforts to establish direct contact with the Iranians. Attending the

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meeting were the Chief of Staff, Secretaries of State and Defense, the Deputy Director of Central Intelligence, and the Assistant to the President for National Security Affairs and his Deputy. Immediately after the meeting, Mr. McFarlane departed for London to meet with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane, as instructed by the Presidents, stated that:

-- the U.S. was open to a political dialogue with Iran, but that no such dialogue could make progress for as long as groups seen as dominated by Iran held U.S. hostages; and

-- the U.S. could under no circumstances transfer arms to Iran in exchange for hostages.

These points were made directly to the Iranian interlocutor. The Iranian replied that, unless his associates in Tehran were strengthened, they could not risk going ahead with the dialogue. Mr. McFarlane acknowledged the position but stated we could not change our position. In a separate meeting with the Israeli official, Mr. McFarlane made clear our strong objections to the Israeli shipment of the TOW missiles. Following these meetings, Mr. McFarlane returned to Washington and shortly thereafter left active government service.

On January 2, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. The Israelis urged that we reconsider the issue of providing limited defensive arms to those attempting to take power in Tehran, since all other incentives (economic assistance, medical supplies, machine parts) were of no value in shoring-up those who wanted an opening to the West. Admiral Poindexter noted our stringent objections to the HAWK missile shipments in November and noted that the U.S. would have to act to have them returned (a step undertaken in February, when all 18 missiles were returned to Israel). In that any implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding commenced on January 4.

On January 6, the President, the Vice President, the Chief of Staff, and the National Security Advisor and his assistant reviewed the first draft of the Finding and the recommendations made by the Prime Minister of Israel through his special emissary.

On January 7, the President met in the Oval Office with the Vice President, the Chief of Staff, Secretaries Shultz and Weinberger, Attorney General Meese, Director Casey, and the National Security

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Advisor to discuss the overall situation in Iran and prospects for a strategic dialogue. It was again noted that Mr. McFarlane, on return from his trip to London, had recommended that no further action be taken unless a mechanism could be established by which the U.S. could exert better control over events. He agreed, in principle, with Director Casey that providing limited quantities of defensive arms after the hostages were released still had merit. Both Secretary Shultz and Secretary Weinberger objected to any provision of arms, citing that we could not be sure that these would really help moderate elements and that, if exposed, the project would not be understood by moderate Arabs and would be seen as contravening our policy of not dealing with states that support terrorism. The President decided that we should attempt to keep the Israeli channel active as long as it offered possibilities for meetings with high-level Iranian officials and left open the issue of providing defensive arms to Iran if all the hostages were released.

It was further determined by the President that any dialogue with the Iranians must be aimed at achieving the following goals:

-- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

The President made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages. Secretaries Shultz and Weinberger retained their original position on providing any arms to Iran, but Attorney General Meese and Director Casey both supported the concept as a valid means of opening the dialogue. Attorney General Meese noted a 1981 determination by then Attorney General French Smith that transferring small quantities of arms through third countries under a Covert Action Finding was not illegal.

[redacted]

[redacted]

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On January 16, a meeting was held in the National Security Advisor's office with Secretary Weinberger, Attorney General Meese, Director Casey, and CIA General Counsel Stanley Sporkin. At this meeting, the final draft of the Covert Action Finding was reviewed and was forwarded to the President with Secretary Weinberger dissenting.

On January 17, 1986, the President approved a Covert Action Finding (Tab A) directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The President futher determined that the activities authorized by the Finding justified withholding prior Congressional notification due to the extreme sensitivity of the dialogue being established. He further noted that public knowledge of the program would place the American hostages in Lebanon at greater risk. Noting his concern for the lives of those carrying out the operation (both U.S. and foreign), he directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that those involved would no longer be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted], a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in London. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, $3.7 million was deposited in the CIA account in Geneva on February 11, 1986 and on February 14, 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

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On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the Iranians committed [redacted] After coded authorization was received from Washington, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

[redacted]

On February 24, U.S. (CIA and NSC) officials met again in Frankfurt with the Israeli and Iranian officials to discuss next steps. At this meeting, the U.S. side urged that the Iranians expedite a meeting among higher-level officials on both sides.

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, but asking consideration for the safety of recently seized Israeli hostages.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue

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with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn [redacted] in retaliation for the U.S. raid on Libya.

[redacted]

The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death.

[redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) take immediate steps to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 508 TOWs which they had sent to Iran in August, 1985. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish the 508 TOWs sent by Israel.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors.

On May 16, the Iranians, through the Israelis provided $6.5M for deposit in the CIA secure funding mechanism. The funds were used to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1985) and acquiring HAWK missile electronic spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement to Israel on May 22. As in the February shipment, the CIA provided logistics support for the movement of this materiel to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare

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electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] -- obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan and the Soviet threat to the Gulf) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war

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to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the Western hostages in Lebanon.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

On August 3, the remaining three pallets (less than ½ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] a relative [redacted] of a senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided assessments designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The assessments also detailed the Soviet threat to Iran.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian, [redacted] urged that we take a more active role in support for the Afghan resistance [redacted]

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The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] The Iranians have also offered to provide a copy of the 400 page interrogation of Beirut Station Chief William Buckley. At this meeting [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

Late on October 31, [redacted] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating; [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and subsequent public speculation regarding these contacts have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son in-law of Ayatollah Montezari, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their

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contacts with more radical Hizballah elements. [redacted]

On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah.

Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted] the two principal Iranian contacts continue to communicate with the U.S. [redacted] the Iranians still intend to deliver the T-72 tank [redacted] "positive statement" will be made in the near future by Rafsanjani. [redacted] Both [redacted] have warned that further disclosures could harm them personally and the longer-term interests of the two countries.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We do not know who seized the last three American hostages in Beirut (Messrs. Reed, Cicippio, and Tracy). The Islamic Jihad Organization (IJO) has disclaimed responsibility -- as have our Iranian interlocutors. [redacted] It is possible that these three Americans were kidnapped at the direction of Iranian radicals

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loyal to the now imprisoned Mehdi Hashemi. If so, this could be an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the pragmatic faction with which we have been in contact.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile electronic spare parts was undertaken within the provisions of a Covert Action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only three shipments from Israel to Iran. Specifically:

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986.

-- The November 1985 shipment of 18 Israeli HAWK missiles was not an authorized exception to policy. This shipment was retrieved in February 1986 as a consequence of U.S. intervention.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- CIA communications officers and an annuitant to assist in various phases of the operation.

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran in May.

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ed meeting sites in Europe for meetings with Iranian
:ials.

:ated and alias documentation for U.S. and foreign
ials for meetings in Europe and Tehran.

s and materiel provided under this program were judged
equate to alter either the balance of military power or
e of the war with Iraq. They have, however, demonstrated
ommitment to Iranian territorial integrity and served
those in Iran interested in opening a strategic
ip with the U.S. U.S. efforts over the last 18 months
angible results on Iranian policy:

afsanjani/Velayati intervention on behalf of the TWA
passengers (June 1985).

an direction that the hijacked Pan Am 073 would not be
ved in Iranian territory if it left Karachi.

[redacted]

elease of three American and at least two French
ges.

nitiation of an Iranian dialogue with their regional
bors.

nued delay in the Iranian "final offensive."

t must also be noted that the U.S. arms embargo
nding, West European nations have provided $500 million
military equipment to Iran. Most of these transfers
plished with government knowledge and/or acquiescence.

riate Cabinet Officers have been apprised throughout.
ss was not briefed on the covert action Finding due to
rdinary sensitivity of our Iranian contacts and the
consequences for our strategic position in Southwest
ally, our efforts to achieve the release of the
n Lebanon must continue to rely on discreet contacts
ediaries who cannot perform if they are revealed.

EXHIBIT JMP-76

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(Historical Chronology)

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

[redacted]

Partially Declassified/Released on 3 May 97 under provisions of E.O. 12356 by Federal [illegible] al Secs. A2 incl

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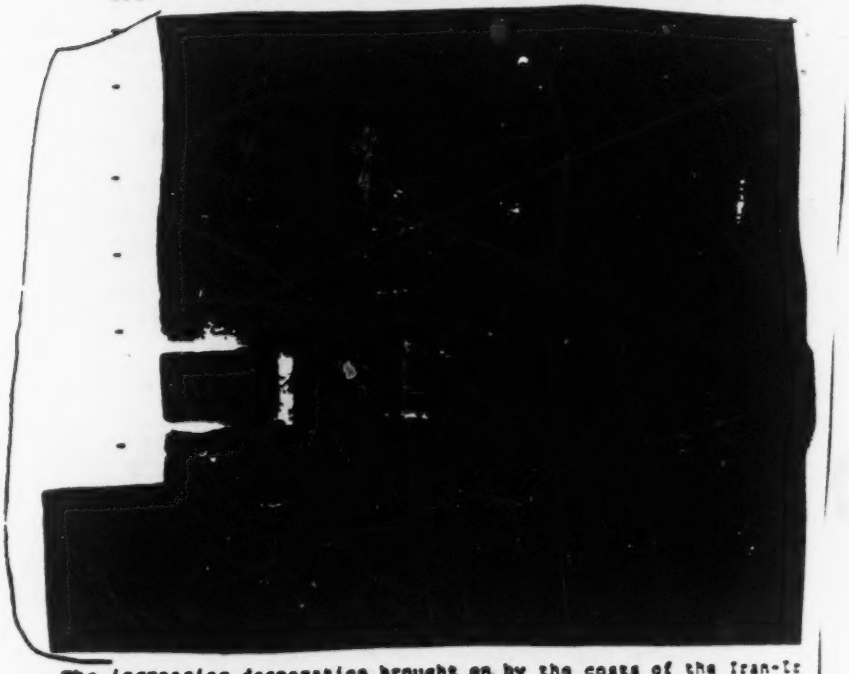
EXHIBIT
JMP-76

-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous 'final offensive' by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:



The increasing desperation brought on by the costs of the Iran-Ir war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have mad reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1981, various countries have been engaged in overtures to the U.S. and Iran in an effort to stimulate direct contact between the two countries. [redacted] Turkey have all attempted to serve as interlocutors in this [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In the spring of 1985, a private American citizen (Michael Ledeen) learned from an Israeli government official (David Kimche) that the Israelis had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the Iranian officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

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On July 3, 1985, during a visit to Washington, an Israeli official (Kimche) advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high-level dialogue. The Iranians were described as comprising the principal figures of the government (i.e., Speaker of the Majlis Rafsanjani, Prime Minister Musavi, and Khomeini's heir-apparent, Ayatollah Montazeri) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli as to why he found the Iranian proposal credible, given the events of the past six years. The Israeli replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks. He noted that the Iranians had exposed themselves to possible compromise by meeting with Israelis and by passing extremely sensitive intelligence on the situation (and political line-up) within Ira -- information which was [redacted] valid.

The Israeli asked for our position on opening such a dialogue. No mention was made of any preconditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This decision was passed to the Israeli diplomat by telephone on July 30.

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On August 2, 1985, the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position to the Iranian intermediary and that the Iranians had responded that they recognized the need for both sides to have tangible evidence of the bona fides of the other and that they believed they could affect the release of the Americans held hostage in Lebanon.

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According to the Israeli, the Iranians separately stated that they were vulnerable as a group and before having any prospect being able to affect change within Iran they would need to be substantially strengthened. To do so, they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of U.S. equipment. The Israeli asked for our position on such actions.

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Mr. McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that, while he could understand that assuming the legitimacy of the interlocuters, they would be quite vulnerable and ultimately might deserve our support to include tangible materiel; at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military materiel. This was conveyed to the Israeli.

On August 22, 1985, the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the U.S. Government would be to an Israeli transfer of modest quantities of defensive military materiel. McFarlane replied that to him, such an action would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such dialogue in behalf of the U.S., but that a problem would arise when ultimately they needed to replace items shipped. He asked whether Israel would be able to purchase replacements for items they chose to ship. McFarlane stated that the issue was not the ability of Israel to purchase military equipment from the U.S. - they must done so for a generation and will [illegible] the future -- but rather the issue was whether it was U.S. policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the Director of Central Intelligence). The President stated that, while he could envision providing materiel support to moderate elements in Iran if all the Western hostages were freed, he could not approve any transfer of military materiel at that time. This position was conveyed to the Israeli diplomat.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, a Special Emissary of the Archbishop of Canterbury. To this date Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

In late September, we learned that the Israelis had transferred 508 TOW missiles to Iran and that this shipment had taken place in late August. The Israelis told us that they undertook the action, despite our objections, because they believed it to be their strategic interests. The Israelis managed this entire operation, to include delivery arrangements, funding, and transportation. After discussing this matter with the President it was decided not to expose this Israeli delivery because we

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wanted to retain the option of exploiting the existing Israeli channel with Tehran in our own effort to establish a strategic dialogue with the Iranian government. The total value of the 508 TOWs shipped by Israel was estimated to be less than $2 million.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In mid-November, the Israelis, through a senior officer in the Foreign Minister's office (Kimche), indicated that the Government of Israel was convinced that they were nearing a breakthrough with Iran on a high-level dialogue. The Israeli contacted a U.S. official (North) and asked for the name of a European-based airline which could discreetly transit to Iran for the purpose of delivering passengers and cargo. He specifically noted that neither a U.S. carrier nor an Israeli affiliated carrier could be used. We were assured, at the time, that the Israelis were going to "try oil drilling parts as an incentive," since we had expressed so much displeasure over the earlier TOW shipment. The name of the proprietary [redacted] was passed to the Israeli, who subsequently had the aircraft chartered through normal commercial contract for a flight from Tel Aviv to Tabriz, Iran, on November 25, 1985. The Israelis were unwitting of the CIA's involvement in the airline and the airline was paid at the normal commercial charter rate (approximately $127,700). The airline personnel were also unwitting of the cargo they carried.

In January, we learned that the Israelis, responding to urgent entreaties from the Iranians, has used the proprietary aircraft to transport 18 HAWK missiles to Iran in an effort to improve th static air defenses around Tehran. Our belated awareness that the Israeli's had delivered HAWK missiles raised serious U.S. concerns that these deliveries were jeopardizing our objective o arranging a direct meeting with high-level Iranian officials. A a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were returned to Israel in Februar 1986.

On December 7, the President convened a meeting in the White House (residence) to discuss next steps in our efforts to establish direct contact with the Iranians. Attending the

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meeting were the Chief of Staff, Secretaries of State and Defense; the Deputy Director of Central Intelligence, and the Assistant to the President for National Security Affairs and his Deputy. Immediately after the meeting, Mr. McFarlane departed for London to meet with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane, as instructed by the President, stated that:

-- the U.S. was open to a political dialogue with Iran, but that no such dialogue could make progress for as long as groups seen as dominated by Iran held U.S. hostages; and

-- the U.S. could under no circumstances transfer arms to Iran in exchange for hostages.

These points were made directly to the Iranian interlocutor. The Iranian replied that, unless his associates in Tehran were strengthened, they could not risk going ahead with the dialogue. Mr. McFarlane acknowledged the position but stated we could not change our position. In a separate meeting with the Israeli official, Mr. McFarlane made clear our strong objections to Israeli weapons shipments to Iran. Following these meetings, Mr. McFarlane returned to Washington and shortly thereafter left active government service.

On January 3, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. The Israelis urged that we reconsider the issue of providing limited defensive arms to those attempting to take power in Tehran, since all other incentives (economic assistance, medical supplies, machine parts) were of no value in shoring-up those who wanted an opening to the West. Admiral Poindexter noted our stringent objections to the HAWK missile shipments in November and noted that the U.S. would have to act to have them returned (a step undertaken in February, when all 18 missiles were returned to Israel). In that any implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding commenced on January 4.

On January 6, the President, the Vice President, the Chief of Staff, and the National Security Advisor and his assistant reviewed the first draft of the Finding and the recommendations made by the Prime Minister of Israel through his special emissary.

On January 7, the President met in the Oval Office with the Vice President, the Chief of Staff, Secretaries Shultz and Weinberger, Attorney General Meese, Director Casey, and the National Security

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Adviser to discuss the overall situation in Iran and prospects for a strategic dialogue. It was again noted that Mr. McFarlane on return from his trip to London, had recommended that no further action be taken unless a mechanism could be established by which the U.S. could exert better control over events. He agreed, in principle, with Director Casey that providing limited quantities of defensive arms after the hostages were released still had merit. Both Secretary Shultz and Secretary Weinberger objected to any provision of arms, citing that we could not be sure that these would really help moderate elements and that, if exposed, the project would not be understood by moderate Arabs and would be seen as contravening our policy of not dealing with states that support terrorism. The President decided that we should attempt to keep the Israeli channel active as long as it offered possibilities for meetings with high-level Iranian officials and left open the issue of providing defensive arms to Iran if all the hostages were released.

It was further determined by the President that any dialogue with the Iranians must be aimed at achieving the following goals:

-- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

The President made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages. Secretaries Shultz and Weinberger retained their original position on providing any arms to Iran, but Attorney General Meese and Director Casey both supported the concept as valid means of opening the dialogue. Attorney General Meese noted a 1981 determination by then Attorney General French Smith that transferring small quantities of arms through third countries under a Covert Action Finding was not illegal.

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On January 16, a meeting was held in the National Security Adviser's office with Secretary Weinberger, Attorney General Meese, Director Casey, and CIA General Counsel Stanley Sporkin. At this meeting, the final draft of the Covert Action Finding was reviewed and was forwarded to the President with Secretary Weinberger dissenting.

On January 17, 1986, the President approved a Covert Action Finding (Tab A) directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The President futher determined that the activities authorized by the Finding justified withholding prior Congressional notification due to the extreme sensitivity of the dialogue being established. He further noted that public knowledge of the program would place the American hostages in Lebanon at greater risk. Noting his concern for the lives of those carrying out the operation (both U.S. and foreign), he directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that those involved would no longer be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted], a representative of the Israeli Prime Ministry [redacted], and a senior-level Iranian official [redacted] met in London. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, [redacted] the U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, $3.7 million was deposited in the CIA account in Geneva on February 11, 1986 and on February 14, 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

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On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the Iranians committed [redacted] After coded authorization was received from Washington, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israel 1 aircraft. On the return flight from Iran, these aircraft carried the 18 HAWK missiles which Israel had sent to Tehran in November 1985 with USG aforeknowledge.

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On February 24, U.S. (CIA and NSC) officials met again in Frankfurt with the Israeli and Iranian officials to discuss next steps. At this meeting, the U.S. side urged that the Iranians expedite a meeting among higher-level officials on both sides.

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, but asking consideration for the safety of recently seized Israeli hostages.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

The escalation of tensions with Libya, leading up to the April [illegible] strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue

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with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn [redacted] in retaliation for the U.S. raid on Libya. [redacted]

The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death. [redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) act urgently to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 508 TOWs which they had sent to Iran in August, 1985.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish the 508 TOWs sent by Israel.

On May 16, the Iranians, through the Israelis provided $6.5M for deposit in the CIA secure funding mechanism. The funds were use to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1985) and acquiring HAWK missile electronic spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement t Israel on May 22. As in the February shipment, the CIA provided logistics support for the movement of this material to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare

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electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

In the course of the four-day (May 25-28) visit, lengthy meetings were held with high-level Iranian officials. The first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan and the Soviet threat to the Gulf) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor Saddam Hussein, must be removed from power in order for the war

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to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the Western hostages in Lebanon.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

On August 3, the remaining three pallets (less than 1 planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarchy. In mid-August, a private American citizen (MGEN Richard Secord, USAF (Ret.)) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] C. [redacted] with the knowledge of the CIA. This Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided assessments designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The assessments also detailed the Soviet threat to Iran.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and th new Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. C. The Iranian [redacted] urged that we take a more active rol in support for the Afghan resistance [redacted]

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The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted]. The Iranians have also offered to provide a copy of the 400 page interrogation of Beirut Station Chief William Buckley. At this meeting [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

C. Late on October 31, [redacted] called the U.S. citizen (Maxim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating; [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and subsequent public speculation regarding these contacts have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son-in-law of Ayatollah Montazari, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their

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contacts with more radical Hizballah elements. [redacted]

On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah.

Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted] the two principal Iranian contacts continue to communicate with the U.S. [redacted] the Iranians still intend to deliver the T-72 tank [redacted] positive statement will be made in the near future by Rafsanjani. [redacted] Both [redacted] have warned that further disclosures could harm them personally and the longer-term interests of the two countries.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We do not know who seized the last three American hostages in Beirut (Messrs. Reed, Cicippio, and Tracy). The Islamic Jihad Organization (IJO) has disclaimed responsibility -- as have our Iranian interlocutors. [redacted] It is possible that these three Americans were kidnapped at the direction of Iranian radicals

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loyal to the new imprisoned Mehdi Hashemi. If so, this could be an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the pragmatic faction with which we have been in contact

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile electronic spare parts was undertaken within the provisions of a Covert Action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only three shipments from Israel to Iran. Specifically:

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOW in May of 1986.

-- The November 1985 shipment of 18 Israeli HAWK missiles was not an authorized exception to policy. This shipment was retrieved in February 1986 as a consequence of U.S. intervention.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

In support of this Finding and at the direction of the President the CIA provided the following operational assistance:

-- CIA communications officers and an annuitant to assist in various phases of the operation.

-- Sterile overseas bank accounts for financial transactions

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran i May.

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-- Cleared meeting sites in Europe for meetings with Iranian officials.

-- Fabricated and alias documentation for U.S. and foreign officials for meetings in Europe and Tehran.

The weapons and materiel provided under this program were judged to be inadequate to alter either the balance of military power or the outcome of the war with Iraq. They have, however, demonstrated the U.S. commitment to Iranian territorial integrity and served to support those in Iran interested in opening a strategic relationship with the U.S. U.S. efforts over the last 18 months have had tangible results on Iranian policy:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 would not be received in Iranian territory if it left Karachi.

-- [redacted]

-- The release of three American and at least two French hostages.

-- The initiation of an Iranian dialogue with their regional neighbors.

-- Continued delay in the Iranian "final offensive."

Finally, it must also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

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U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

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-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1981, various countries have been engaged in overtures to the U.S. and Iran in an effort to stimulate direct contact between the two countries. [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In the spring of 1985, a private American citizen (Michael Ledeen) learned from an Israeli government official (David Kimche) that the Israelis had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the Iranian officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut. [redacted]

In June of 1985, in the midst of the TWA hijacking, the Israeli officials in contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijackers. Two days after this approach, four Americans were freed from the rest of the hijacked passengers were turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

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In July of 1985, during a visit to Washington, an Israeli official (Kimche) advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high-level dialogue. The Iranians were described as comprising the principal figures of the government (i.e., Speaker of the Majlis Rafsanjani, Prime Minister Musavi, and Khomeini's heir-apparent, Ayatollah Montaseri) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli as to why he found the Iranian proposal credible, given the events of the past six years. The Israeli replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks. He noted that the Iranians had exposed themselves to possible compromise by meeting with Israelis and by passing extremely sensitive intelligence on the situation (and political line-up) within Iran -- information which was proven valid.

The Israeli asked for our position on opening such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This decision was passed to the Israeli diplomat.

Within days the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position to the Iranian intermediary and that the Iranians had responded that they recognized the need for both sides to have tangible evidence of the bona fides of the other and that they believed they could affect the release of the Americans held hostage in Lebanon.

According to the Israeli, the Iranians separately stated that they were vulnerable as a group and before having any prospect of being able to affect change within Iran they would need to be substantially strengthened. To do so, they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of U.S. equipment. The Israeli asked for our position on such actions.

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Mr. McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. [redacted] stated that, while he could understand that a[redacted] legitimacy of the interlocuters, they would be [redacted] and ultimately might deserve our support to [redacted] materiel at the time, without any first hand [redacted] in dealing with them, he could not authorize any transfers of military materiel. This was conveyed to the Israeli.

On August 22, 1985, the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the U.S. Government would be to an Israeli transfer of modest quantities of defensive military materiel. McFarlane replied that to him, such an action would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the U.S., but that a problem would arise when ultimately they needed to replace items shipped. He asked whether Israel would be able to purchase replacements for items they chose to ship. McFarlane advised that the issue was not the ability of Israel to purchase military equipment from the U.S. -- they had done so for a generation and would do so in the future -- but rather the issue was whether it was U.S. policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the Director of Central Intelligence). The President stated that, while he could envision providing materiel support to moderate elements in Iran if all the Western hostages were freed, he could not approve any transfer of military materiel at that time. This position was conveyed to the Israeli diplomat.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

In late September, we learned that the Israelis had transferred 508 TOW missiles to Iran and that this shipment had taken place in late August. The Israelis told us that they undertook the action, despite our objections, because they believed it to be in their strategic interests. The Israelis managed this entire operation, to include delivery arrangements, funding, and transportation. After discussing this matter with the President, it was decided not to expose this Israeli delivery because:

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-- We wanted to retain the option of exploiting the existing Israeli channel with Tehran in our own effort to establish a strategic dialogue with the Iranian government.

-- The total value of the 508 TOWs shipped by Israel was less than $2 million and, therefore, below the threshold requiring a report of military equipment transfers under the Arms Export Control Act.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, an aircraft owned by a CIA proprietary airline was chartered through normal commercial contract to carry cargo from Israel. It was subsequently determined that the Israelis, responding to urgent entreaties from the Iranians, used the aircraft to transport 18 HAWK missiles to Iran in an effort to improve the static air defenses around Tehran. The Israelis were unwitting of the CIA's involvement in the airline and the airline was paid at the normal commercial rate (approximately $127,700). The airline personel were also unwitting of the cargo they carried. The Israeli delivery of HAWK missiles raised serious U.S. concerns that these deliveries were jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986.

On December 7, the President convened a meeting in the White House (residence) to discuss next steps in our efforts to establish direct contact with the Iranians. Attending the meeting were the Chief of Staff, Secretaries of State and Defense, the Deputy Director of Central Intelligence, and the Assistant to the President for National Security Affairs and his Deputy. Immediately after the meeting, Mr. McFarlane departed for London to meet with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane, as instructed by the President, stated that:

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-- the U.S. was open to a political dialogue with Iran, but that no such dialogue could make progress for as long as groups seen as dominated by Iran held U.S. hostages; and

-- the U.S. could under no circumstances transfer arms to Iran in exchange for hostages.

These points were made directly to the Iranian interlocutor. The Iranian replied that, unless his associates in Tehran were strengthened, they could not risk going ahead with the dialogue. Mr. McFarlane acknowledged the position but stated we could not change our position. In a separate meeting with the Israeli official, Mr. McFarlane made clear our strong objections to the Israeli shipment of the HAWK missiles and noted that the U.S. would have to act to have them returned (a step undertaken in February, when all 18 missiles were returned to Israel). Following these meetings, Mr. McFarlane returned to Washington and shortly thereafter left active government service.

On January 3, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. The Israelis urged that we reconsider the issue of providing limited defensive arms to those attempting to take power in Tehran, since all other incentives (economic assistance, medical supplies, machine parts) were of no value in shoring-up those who wanted an opening to the West. In that any implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding commenced on January 4.

On January 6, the President, the Vice President, the Chief of Staff, and the National Security Advisor and his assistant reviewed the first draft of the Finding and the recommendations made by the Prime Minister of Israel through his special emissary.

On January 7, the President met in the Oval Office with the Vice President, the Chief of Staff, Secretaries Shultz and Weinberger, Attorney General Meese, Director Casey, and the National Security Advisor to discuss the overall situation in Iran and prospects for a strategic dialogue. It was again noted that Mr. McFarlane, on return from his trip to London, had recommended that no further action be taken unless a mechanism could be established by which the U.S. could exert better control over events. He agreed, in principle, with Director Casey that providing limited quantities of defensive arms after the hostages were released still had merit. Both Secretary Shultz and Secretary Weinberger

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objected to any provision of arms, citing that we could not be sure that these would really help moderate elements and that, if exposed, the project would not be understood by moderate Arabs and would be seen as contravening our policy of not dealing with states that support terrorism. The President decided that we should attempt to keep the Israeli channel active as long as it offered possibilities for meetings with high-level Iranian officials and left open the issue of providing defensive arms to Iran if all the hostages were released.

It was further determined by the President that any dialogue with the Iranians must be aimed at achieving the following goals:

-- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

The President made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages. Secretaries Shultz and Weinberger retained their original position on providing any arms to Iran, but Attorney General Meese and Director Casey both supported the concept as a valid means of opening the dialogue. Attorney General Meese noted a 1981 determination by then Attorney General French Smith that transferring small quantities of arms through third countries under a Covert Action Finding was not illegal.

[redacted]

On January 16, a meeting was held in the National Security Adviser's office with Secretary Weinberger, Attorney General Meese, Director Casey, and CIA General Counsel Stanley Sporkin. At this meeting, the final draft of the Covert Action Finding was reviewed and was forwarded to the President with Secretary Weinberger dissenting.

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On January 17, 1986, the President approved a Covert Action Finding (Tab A) directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The President futher determined that the activities authorized by the Finding justified withholding prior Congressional notification due to the extreme sensitivity of the dialogue being established. He further noted that public knowledge of the program would place the American hostages in Lebanon at greater risk. Noting his concern for the lives of those carrying out the operation (both U.S. and foreign), he directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that those involved would no longer be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted] a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in London. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain material authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At the meeting, the Iranians [redacted] After coded authorization was received from Washington, the U.S. side agreed to provide

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On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the Iranians committed [redacted] After coded authorization was received from Washington, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and complet in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft. On the return flight from Iran, these aircraft carried the 18 HAWK missiles which Israel had sent to Tehran in November 1985 with USG aforeknowledge.

[redacted]

On February 24, U.S. (CIA and NSC) officials met again in Frankfurt with the Israeli and Iranian officials to discuss next steps. At this meeting, the U.S. side urged that the Iranians expedite a meeting among higher-level officials on both sides.

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, [redacted] consideration for the safety of recently seized [redacted]

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi militar effectiveness.

The escalation of tensions with Libya, leading up to the April 1 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriat advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue

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The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death.

[redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) take immediate steps to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 96 TOWs which they had sent to Iran in August, 1985. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish the 508 TOWs sent by Israel.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors.

On May 16, the Iranians, through the Israelis provided $6.3M for deposit in the CIA secure funding mechanism. The funds were used to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1985) and acquiring HAWK missile electronic spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement to Israel on May 22. As in the February shipment, the CIA provided logistics support for the movement of this materiel to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

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electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

In the course of the four-day (May 25-28) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan and the Soviet threat to the Gulf) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war

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On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

On August 3, the remaining three pallets (less than 4 planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarchy. In mid-August, a private American citizen (MGEN Richard Secord, USAF (Ret.)) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] relative [redacted] senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided [redacted] designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The [redacted] also detailed the Soviet threat to Iran.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian [redacted] urged that we take a more active role in support for the Afghan resistance [redacted]

The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] The Iranians have also offered to provide a copy of the 400 page interrogation of Beirut Station Chief William Buckley. At this meeting, [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

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Late on October 31 [redacted] called the U.S. citizen (Makin) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating. [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and subsequent public speculation regarding these contacts have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mahdi Hashemi, a close confidant and son in-law of Ayatollah Montazari, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements. [redacted]

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On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah.

Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted] the two principal Iranian contacts continue to communicate with the U.S. [redacted] the Iranians still intend to deliver the T-72 tank [redacted] positive statement" will be made in the near future by Rafsanjani. [redacted] Both [redacted] have warned that further disclosures could harm them personally and the longer-term interests of the two countries.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We do not know who seized the last three American hostages in Beirut (Messrs. Reed, Cicippio, and Tracy). The Islamic Jihad Organization (IJO) has disclaimed responsibility -- as have our Iranian interlocutors. [redacted] It is possible that these three Americans were kidnapped at the direction of Iranian radicals loyal to the now imprisoned Mehdi Hashemi. If so, this could be an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the pragmatic faction with which we have been in contact.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile electronic spare parts was undertaken within the provisions of a Covert Action Finding.

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During the course of this operation -- and before -- the U.S. was cognizant of only ~~four~~ shipments from Israel to Iran. Specifically:

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986.

-- The November 1985 shipment of 18 Israeli HAWK missiles was not an authorized exception to policy. This shipment was retrieved in February 1986 as a consequence of U.S. intervention.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran in May.

-- Cleared meeting sites in Europe for meetings with Iranian officials.

-- Alias documentation for U.S. and foreign officials for meetings in Europe and Tehran.

The weapons and materiel provided under this program were judged to be inadequate to alter either the balance of military power or the outcome of the war with Iraq. They have, however, demonstrated the U.S. commitment to Iranian territorial integrity and served to support those in Iran interested in opening a strategic relationship with the U.S. U.S. efforts over the last 18 months have had tangible results on Iranian policy:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 would not be received in Iranian territory if it left Karachi.

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-- [redacted]

-- The release of three American and at least two French hostages.

-- The initiation of an Iranian dialogue with their regional neighbors.

-- Continued delay in the Iranian "final offensive."

Finally, it must also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

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Paul, 3/12/26
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OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

N 9899

12 March 1986

John

MEMORANDUM FOR VICE ADMIRAL POINDEXTER

The attached memorandum from the Director of the Army Staff is self-explanatory. It reflects the unease of the Army General Counsel's office over the transfer of items with which you are familiar. As you know, we have been handling this program on a very close hold basis, and the Army has been told nothing with respect to destination. Per guidance received from NSC, the Army has been told that they have no responsibility for Congressional notification. The Army has also been told that whatever notifications are to be made will be taken care of at the appropriate time by the appropriate agency and that the Attorney General has provided an opinion that supports this position.

The Secretary asked that I make you aware of the Army's concerns in the event you wish to advise the DCI or the Attorney General.

Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

Declassified/Released on 29 Aug 1987
under provisions of E.O. 12356
by B. [illegible], National Security Council

1355

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~~TOP SECRET~~ UNCLASSIFIED

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON D C 20310

N - 9900

DACS-SD

7 MAR 1986

MEMORANDUM FOR THE MILITARY ~~ASSISTANT~~ Aide TO THE SECRETARY OF DEFENSE

SUBJECT: Congressional Notification of Significant Intelligence Activities (U)

1. (~~TS~~/NOFORN) On 18 January 1986, the Army responded to a verbal tasking from your office to provide 1,000 TOW missiles to the Central Intelligence Agency with a contingency for 3,509 more at a later date. The first 1,000 missiles were delivered on 14 February 1986 to the CIA.

2. (~~TS~~/NOFORN) This request for support circumvented the normal [redacted] System for reasons of security, yet the support exceeded the $1 million threshold established in the FY86 Intelligence Authorization Bill for reporting to Congress as a "significant intelligence activity." Funds in excess of $3.5 million were provided by the CIA to reimburse the Army for the first 1,000 missiles. Billing and payment will occur within 60 days, or when all missiles are delivered, whichever is shorter. The Agency expects to complete the project within 60 days.

3. (~~TS~~/NOFORN) SECDEF memorandum of 13 June 1983, subject: DoD Support [redacted] (S), establishes responsibility for notification of Congress of DoD support to the Agency with the Deputy Under Secretary of Defense for Policy. It also confirms that primary responsibility resides with the Director, Central Intelligence. In the case of the TOW missiles, the Army understanding on responsibilities for notification conforms with your June 1983 memorandum.

4. (~~TS~~/NOFORN) This memo is to assure understanding of statutory requirements should this issue be raised by one of the Congressional intelligence committees in the future.

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under provisions of E.O. 12356
by C. Reger, National Security Council

ARTHUR E. BROWN, JR.
Lieutenant General, GS
Director of the Army Staff

CLASSIFIED BY: DASP
DECLASSIFY ON: OADR

~~TOP SECRET~~ UNCLASSIFIED NOFORN

EXHIBIT JMP-79

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U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

86-174-

EXHIBIT JMP-79

November 28, 1986

MEMORANDUM FOR THE RECORD

FROM: Mike O'Neil

The following reflects key points of Admiral Poindexter's November 21 briefing of Committee Members at the White House.* He sets forth the chronology of secret U.S.-Iranian contacts that eventually included secret arms sales to Iran.

— June 1985. A CIA assessment concerning the unstable situation in Iran, problems created by the Iran-Iraq war, Soviet efforts to infiltrate the Iranian government, etc. led to the preparation of a draft NSDD reviewing U.S. policy toward Iran. The NSDD was never issued. By way of background, it should be noted that U.S. hostages held in Beirut had been a priority of the Administration. Efforts to seek their release through Lebanese channels had failed.

-- July 3, 1985. Kimche meets with McFarlane. Kimche said that Israel had a channel to the Iranian government and wished to know if the U.S. was interested in pursuing this channel. After speaking with the President, McFarlane passed to Kimche a message of U.S. interest in exploring the identity and intentions of those involved in this channel.

-- August 2, 1985. Kimche speaks with McFarlane again in Washington. Kimche indicates that the channel is into [redacted] via an intermediary in Europe who is an Iranian expatriot. Kimche said the individuals involved were interested in talking with the United States but needed an indication of good faith that the U.S. was serious. Kimche proposed the transfer of a limited amount of arms to factions within Iran [redacted] interested in better relations with the U.S. and in ending the Iran-Iraq war. He further indicated

* The events from July through December 1985 were largely described to Poindexter by McFarlane prior to McFarlane's departure from the NSC. To this extent, they are, therefore, secondhand recollections of these events.

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that the Iranians on their part would work to get U.S. hostages out of Beirut. McFarlane indicated that the U.S. would not deal arms for hostages. McFarlane also discussed this with the President and the President reinforced this view. McFarlane repeated the longstanding U.S. policy of stopping arms shipments to Iran but stated that he assumed that if Iran tried to get arms, pragmatically speaking, it could get them. Poindexter indicated that this statement by McFarlane was not an attempt to wink at unsanctioned Israeli arms sales.

-- September 14, 1985. The Reverend Benjamin Weir is released. At some time later, the U.S. learns that the Israelis had shipped 508 TOW missiles in August to Iran. Poindexter said the President was upset about this and told the Israelis we appreciated the release of Reverend Weir but not how they had effected it. The Israeli reply was that it was in their own interests. Poindexter indicated that the Israelis were interested in the continuation of the Iran-Iraq war, [redacted] as well as establishing ties with those who might someday head a more moderate government in Tehran.

-- October 1985. The Islamic Jihad announces the execution of William Buckley. In an effort to ascertain the true facts, the U.S. makes contact with the Iranian expatriot. These contacts continued during several meetings in Europe with the expatriot. U.S. efforts at these meetings were aimed at obtaining a face-to-face meeting with [redacted] and the identification of what so-called moderate factions might be involved. The CIA informed the NSC that the expatriot was a known liar and despicable character. [illegible] kept the State and Defense Departments, and Director Casey informed about these contacts.

-- November 1985. The Israelis transferred 18 HAWK missiles to Iran at this time. The U.S. did not learn about it until January 1986. In February 1986, the U.S. managed to talk the Iranians and Israelis into returning the missiles to Israel. Poindexter indicated there may have been some prior U.S. Government knowledge of this November 1985 shipment.

-- December 1985. McFarlane goes to London to meet the expatriot. Upon his return, he recommended that the U.S. no longer pursue these contacts unless they could meet face-to-face with Iranian officials in Iran.

-- January 2, 1986. Prime Minister Peres of Israel sends a special assistant to see Poindexter. This individual laid out the situation as the Israelis saw it - that further contacts between the U.S. and the Iranians were in the Israelis' interests and in the strategic interests of the United States. Poindexter indicated that the U.S. did not like the way that Weir had been released but that he would talk to the President.

-- January 7, 1986. Shultz, Weinberger, Casey, Meese, the Vice President, Donald Regan, Poindexter and the President meet. Concerned about the hostages and the situation in Iran, the President decides after this meeting that a Finding should be prepared laying out the objectives of U.S. contacts with Iran and authorizing efforts to secure meetings with high level officials through various channels.

-- January 17, 1986. The Finding is signed by the President. Following this, there are several preliminary meetings seeking to arrange a meeting in Europe with [redacted] after which the U.S. agrees to ship 1,000 TOWs to Iran via Israel.

-- February 19-21, 1986. U.S. representatives meet in London and Frankfurt with Iranian officials. Both Casey and Poindexter staffs participate. During these meetings, the U.S. team becomes convinced that there are elements within Iran that seek better relations with the U.S. and an end to both the Iran-Iraq war and Iranian sponsorship of terrorism. They identify three major factions:

- The conservative faction, including some clerics whose goals are similar to those of the U.S. - better bilateral relations, an end to the war, an end to the use of terrorism. [redacted]
- The middle-of-the-road faction. Rafsenjani is its principal leader. He is a pragmatist.
- The radicals, who oppose closer ties with the U.S.

During these meetings, the U.S. also provided some intelligence about the Soviet threat to the Iranians. Finally, U.S. and Iranian representatives agreed to meet later in Tehran. The U.S. also agreed to provide Iran HAWK missile parts.

-- May 25-28, 1986. McFarlane travels to Tehran accompanied by one pallet of the HAWK spare parts (approximately one-third of the agreed-upon amount). He meets there with third and fourth-level Iranian officials. [redacted]

McFarlane, while in Tehran, calls Poindexter on an open line to say the talks were not going well. He told the Iranians that the U.S. hostages continue to represent an obstacle for better relations.

-- July 1986. The U.S. holds follow-up meetings in Frankfurt with the Iranian expatriot. During the meetings, Father Jenko is released.

-- August 3, 1986. Remaining pallets of HAWK spare parts are sent to Iran.

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— August 1986. Later in August, the U.S., unhappy with its Iranian contacts to date, makes contact with [redacted] to Rafsenjani. The U.S. is encouraged by these contacts, believes it has broken through, that Rafsenjani is interested in the normalization of relations with the United States.

— September 1986 [redacted] travels to the United States, meets for two days with Poindexter's and Casey's staffs about the hostages and U.S. long-term interests in a stable relationship with Iran. [redacted]

— October 1986. The Israelis ship 500 TOWs to Iran. The U.S. reimburses them, also in October.

— November 7, 1986. David Jacobson is released. Following this, the U.S. representatives met in Geneva with [redacted] and his associates. U.S. representatives accuse them of complicity in the seizing of the three most recent U.S. hostages taken in Lebanon. [redacted] The U.S. side is encouraged by the fact that contacts with [redacted] continue after publicity about the covert arms sales to Iran and that Rafsenjani, in his speech about McFarlane's trip, deliberately misstates some details so as to permit the U.S. to deny the story. Rafsenjani, it is believed, also gave information to the Iranian Ambassador in the U.N. who later made remarks to the press the U.S. considered positive under the circumstances.

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EXHIBIT JMP-80

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PSCI Meeting with National Security Advisor Admiral Poindexter
November 21, 1986 -- White House Situation Room

PSCI Attendees: Ireland, Hamilton, Sturp, Daniel, Hyde, Dwyer, Hetterseiler, McCurdy, Brown, Roe, Bellenson, McEwen, Stokes, Livingston plus Minority Leader, Bob Michel.

Because of disclosures the President now wants to tell the full story. However, he is concerned that these disclosures have intentionally jeopardized hostages. The President is also concerned about press speculation with respect to the Israeli connection.

In taking these Iranian initiatives, the President clearly recognized the risk involved, but felt there was a real possibility of some significant breakthrough in our relationship to Iran and that possibility still exists. Indeed, the public exposure of our secret overtures to Iran may have actually accelerated an internal process in Iran that ultimately could be very beneficial to the U.S. In the wake of these disclosures Hashemi Rafsanjani, Speaker of the Iranian Parliament, and those around him have indicated a desire to keep the channel open in Iran. There are indications that Rafsanjani is attempting to consolidate and broaden his political base in Iran.

In making these overtures to Iran the President and his advisors clearly attached great importance to the fact that Iran occupied a strategically important piece of real estate. In this connection, there was real concern about the Soviets historical interest in Iran which, among other things, would provide them with a warm water port. In fact, this was a significant factor in the Soviet's invasion of Afghanistan. With the occupation of Afghanistan, only Pakistan and Iran block the Soviets drive to the Persian Gulf and control of the [redacted]

[redacted]

In June 1985 the CIA issued an intelligence assessment regarding Iran that talked about the unstable internal situation that was seriously aggravated by the Iran-Iraq war.

[redacted] Around this time an NSDD was also prepared that focused on the area. (It was never issued.) In this same timeframe, six Americans were kidnapped in Beirut -- Weir, Jenco, Sutherland, Anderson, Buckley and ? . This led to numerous U.S. government

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EXHIBIT JMP-80

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efforts to develop channels in Lebanon to gain the release of the hostages. [redacted]

On July 3, 1985, Israeli official Dave Kimche, Director General of Israeli Foreign Ministry, approached McFarlane and told the President's National Security Advisor that Israel had a channel into the Iranian government.

Kimche asked whether the U.S. government was interested in pursuing this channel also. McFarlane said, maybe, but indicated he must talk to the President first. The President instructed McFarlane to look into the possibility and determine what could be gained from such a connection.

On August 2, 1985 Kimche indicated that channel was [redacted] through a western European expatriate. Kimche also told McFarlane that Iranians were interested in talking, but because of anti-U.S. feelings in Iran there was a need for tangible evidence of U.S. sincerity. Kimche noted that there was a faction in Iran that was tired of its war with Iraq and wanted to bring it to an end and that the expatriate's contacts in Iran were [redacted]

Kimche suggested that limited arms be provided to this faction in return for efforts to gain release of hostages. McFarlane replied that this looked like an arms for hostages deal and the President agreed with this assessment. Kimche then suggested that Israel provide such arms.

Poindexter at this juncture noted Israel's perspective regarding dealing with Iran. [redacted]

McFarlane told Kimche that U.S. policy did not endorse such an arms transfer and wanted it stopped. Poindexter noted that the U.S. had been suspicious of Israeli arms shipments for some time to Iran, as they coincided with Israel's strategic interests. But, the Israelis routinely denied such transfers.

McFarlane reiterated that the U.S. government was opposed to any Israeli arms transfers to Iran and wouldn't condone them. Nevertheless, McFarlane indicated that if Israel transferred arms from their inventory, the U.S. would replenish Israeli stocks because of the political realities of the U.S.-Israeli relationship. (All of these discussions occurred around early August 1985).

On September 14, 1985 Weir released. Later that month, the U.S. government learned that Israel had shipped to Iran 508 tow missiles in August 1985 prior to Weir's release. When the President learned of this he expressed his displeasure at the transfer of arms while expressing the U.S. government's

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UNCLASSIFIED [redacted]

appreciation for the release of Weir. The Israelis replied that it was in their strategic interest to pursue such actions. The President decided to keep open the option of developing a channel to the Iranian government.

In October 1985, Islamic Jihad announced execution of William Buckley. In looking into Buckley's demise, U.S. government decided to reopen contact with expatriate to learn more about the circumstances surrounding Buckley's death. As a result of this probe, it was learned that Buckley died of pneumonia (maybe in June 1985 and was not executed as was reported). The accuracy of this account of Buckley's death was confirmed by hostages and most recently by Jacobsen who shared quarters with Buckley and knew he was ill.

Poindexter, at some length, discussed several meetings that were held in Europe with the Iranian expatriate as part of an effort to develop contact [redacted] Considerable time was spent trying to determine the existence of pragmatic factions in Iran and learn what their motives might be. Efforts were also made to get a better feel for the political structure in the government and attempt to discern ways of influencing the Iranian government.

Poindexter then digressed to point out that even with Staunch Operation, large quantities of arms [redacted] continued to pour into Iran and allowed them to keep the war going for some six years.

CIA was asked to do a background check on Iranian expatriate. That check revealed him to be a known liar and, in general, a despicable character. Those shortcomings, notwithstanding, it was decided to continue to deal through him because of his contacts within the Iranian government.

Expatriate contended that limited arms shipments to Iran were a necessary quid pro quo for pragmatic factions in Iran that we were trying to develop as useful contacts. McFarlane informed Casey, Weinberger and Shultz of this news. In December 1985 a meeting was held with the President regarding the possibility of McFarlane going to London to meet with the expatriate and discuss the release of some hostages. (Note: Around this time McFarlane resigns as National Security Advisor and is replaced by Poindexter.) At this meeting, limited arms shipments to Iran were discussed in the context of making meaningful contacts in Iran, but it was underscored that hostages had to come out first before any negotiations on arms transactions.

The President thought it was important to pursue further talks so McFarlane was sent to London for that purpose. McFarlane reported back that contact was not a particularly good one and emphasized the need to contact officials in Iran.

On January 2, 1986 Prime Minister Peres of Israel sent his Special Assistant to Washington to meet with Poindexter. Peres' emissary laid out the Israeli perspective with respect to dealing with Iran. In so doing, he took special notice of the U.S. government's reluctance to engage in any arms

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goals. However, in re-stating how Israel's strategic interests were served by such dealings with Iran, he indicated they could serve our interests as well. He went on to say that Iranian expatriate had good contacts within the Iranian government who had influenced the Hezzollah to release Weir.

Peres' envoy told by Poindexter that U.S. government didn't appreciate the way Weir was released.

On January 7, 1986, a meeting was held in the oval office. The participants were the President, Shultz, Weinberger, Casey, Meese, Vice-President Bush, Regan and Poindexter. At this meeting, the discussion focused on the deteriorating internal situation in Iran. The concern of the moderate Arab states regarding the fall-out from the Iran-Iraq war was also cited as was the spread of Islamic fundamentalism and terrorism. After weighing all the pros and cons, the President instructed that a finding be made which laid out all our objectives and indicated that efforts should be continued to pursue channels that reached to high-level Iranian government officials. (Poindexter at this point discussed finding verbatim. President signed finding on January 17, 1986.)

After several preliminary meetings, an agreement was reached whereby Israel shipped 1000 tow missiles. Wanted to send something that was defensive in nature and would not change the balance of forces in the Iran-Iraq war, as the U.S. doesn't favor anybody winning this conflict. On the contrary, U.S. policy underscores a negotiated settlement that preserves the territorial integrity of both nations in this conflict.

During the period of February 19-February 21, 1986 [redacted] made contact with U.S. officials in London and Frankfurt.

Those participating in these meetings were assisted by a retired CIA officer called back on contract. This individual spoke fluent Farsi and was very conversant in Iranian political matters and his judgment, therefore, was felt to be of great help in determining what was happening amongst the various factions in Iran.

[redacted] they were now, however, viewing things quite differently and expressed real concern about [redacted] Soviet divisions on their northern border, the Iran-Iraq war, and the fact that the economy was in a shambles. They reflected a real concern about Iran's future because of the Soviet threat [redacted]

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From talks it was determined that there was an apparent split within the Iranian government and there were clearly people who wanted to stop terrorism and normalize relations with the United States.

Poindexter then proceeded to characterize three factions within Iran as follows: (1) Conservatives -- (include some clerics who share many of our goals particularly with respect to ending terrorism and the conflict with Iraq) [redacted] falls into this category [redacted] (2) Middle of the Road -- Speaker of the Parliament Rafsanjani is a member of this group. He is the ultimate survivor, conservatives think he's a conservative, radicals think he is a radical, in reality probably just a pragmatist; (3) In this group, are the real radicals.

Poindexter observed that the postponement of the Iranian final offensive can be partially attributed to talks with the United States which helped them realize they can't win their war against Iraq.

U.S. government agreed to furnish Hawk missile parts, altogether this amounted to three to four cargo pallets.

McFarlane subsequently went to Iran with hopes of meeting Razinjani, he didn't, however, as he met with third and fourth level types. Discussions centered on mutual interests, [redacted] Real difficulties encountered getting over hostage obstacle. Indications that Iranians had some, but not total, influence over Hezbollah, influence that seems to be waning. U.S. government refused to talk about the release of the 17 terrorists held in Kuwait.

It was McFarlane's assessment that there are three main players in Iran. Mousavi, the Prime Minister; Montazeri, the Heir Apparent and Rafsanjani. [redacted] McFarlane subsequently informed Poindexter that the talks weren't going well (Timeframe of McFarlane mission May 25-28, 1986). There appears to have been a followup meeting shortly thereafter with expatriate in Frankfurt, West Germany).

McFarlane's visit to Iran occurred after Father Jenco's release. Poindexter indicated McFarlane's plane carried a pallet of Hawk missile parts. On August 3rd, remaining pallets delivered from U.S. to Israel then on to Iran.

In late August 1985 contact was made with another Iranian [redacted] Rafsanjani (life may be at risk).

From outset of discussions, it was clear that Rafsanjani interested in establishing more normal relations with the United States. However, McFarlane and company were not sure they were reaching the highest levels. Rafsanjani's [redacted] however, informed the U.S. government that the highest levels of the

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Iranian government were being apprised of what was going on in the talks. [redacted] indicated that there was a desire to end the war with Iraq and improve U.S. relations. Also indicated Ayatollah's health very bad and there was a lot of speculation about his successor. [redacted] information provided some encouragement that contacts with Iranians might be paying off.

In September, [redacted] came to the United States and met with Poindexter's and Casey's staffs. Much time was spent talking about Iranian government's objectives which reenforced belief that Rafsanjani was interested in ending the war and improving relations with the United States. There was also an indication that the Iranians were pressuring Hezbollah to release hostages. As a quid pro quo, however, Hezballah insisted on the release of their colleagues being held prisoner in Kuwait. Poindexter indicated that such a quid pro quo was not acceptable.

[redacted]

In October 1986 U.S. government agreed that Israel could ship 500 more TOWs to Iran with the promise that the U.S. would replenish Israeli stocks (note: Jacobsen released on November 2).

Meetings with Rafsanjani's [redacted] have continued according to Poindexter.

With respect to three most recent American hostages (Reed, Cicippio and Tracey) U.S. government told Iranians that they felt Iran was involved in their kidnapping. Iranians denied this. [redacted]

This crackdown may have provoked the leak that blew the cover of the U.S. secret dealings with Iran. Montazeri may have revealed some of Rafsanjani's contacts with the United States. To defend themselves, Rafzanjani then publicly talked of the McFarlane mission in a speech that was laced with factual errors. For example, Rafsanjani claimed McFarlane's visit occurred in September when it actually was in May. Such deliberate falsehoods are being viewed as sending the U.S. a signal that this was a defensive measure on the part of Rafsanjani to a domestic audience. Subsequently, Rafzanjani's [redacted] told the U.S. government of the desire to keep the channel open to the United States.

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Poindexter at this point reiterated the following U.S. objectives with regard to the Iranian initiative: (1)--The U.S. was trying to establish a more constructive relationship with Iran, (2)--It was trying to end the Iran, Iraq war and protect the territorial integrity of each nation, (3)--It was trying to terminate the exporting of terrorism, and (4) gain the hostages release.

Poindexter then went on to list what he believed to be accomplishments from these overtures to Iran: (1) We now have a meaningful dialogue with key Iranian officials which, among other things, is yielding intelligence as to what's happening within Iran, (2) A channel has been opened by these discussions with pragmatists who may be in the ascendency within Iran (Note: Rafsanjani's [redacted] indicated after President Reagan's speech to the nation on his Iranian initiative that Rafsanjani wanted to keep the channel open.

Poindexter also indicated that after the fact that Rafsanjani intervened in our behalf with respect to the June 1985 TWA hijacking. In particular, he played a role in the release of the four hostages taken from that flight who were held by Hezbollah. In addition, it has been learned that Iran refused to let Pan Am flight 73 that was hijacked in Karachi to land in Iran. This was done at U.S. urging.

Poindexter in commenting further on positive benefits from the Iranian initiative indicated that we have succeeded in getting some of our hostages out, radical elements in Iran are being quieted and the Iranians are no longer thinking about a total victory in their war with Iraq.

[redacted]

In closing Poindexter noted that the 500 TOWs the Israelis provided the Iranians from their stocks were replenished by the U.S. in May 1986. Poindexter indicated, however, that the U.S. didn't approve of this Israeli transfer. He also indicated that in November [redacted] shipped 18 Hawk missiles to Iran that we didn't approve of. In February 1986, Iran agreed to return them to Israel. Poindexter concluded by saying that he learned yesterday that there may have been prior U.S. knowledge concerning the November 1985 Israeli arms shipment to Iran.

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EXHIBIT JMP-81

(Q1354)

26 NOV

0900 - Call from Secord

- Going to [redacted] & T.A.
- Advised of Heart atk.

0920 - OAKLEY

- Legis people - Alichel(?) - Fascell Borues is problem [redacted] call to Borues

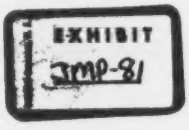
[redacted]

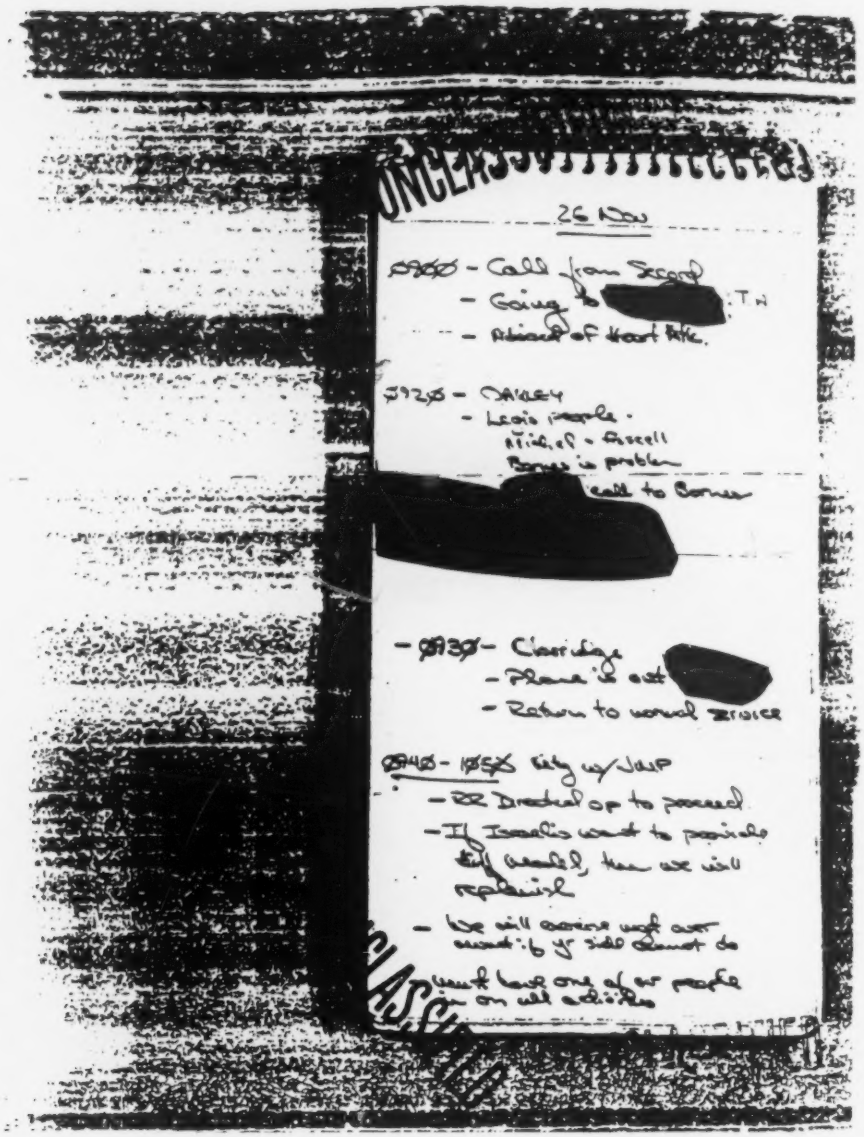
0930 - Clarridge

- Plane is out [redacted]
- Return to normal service

0940 - 1050 Mtg w/JMP

- RR directed OP to proceed
- If Israelis want to provide diff model, then we will replenish
- We will exercise mgt over mvmt if yr side cannot do
- Must have one of our people in on all activities





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26 Nov

0900 - Call from Scoop
- Going to [redacted] TH
- Friend of Heart Attk.

1230 - OAKLEY
- Less people.
Mich. of - Russell
Bones is problem
[redacted] call to Bonnie

- 0930 - Clearing
- Plane is at [redacted]
- Return to normal service

0940 - 1050 Katy up/Jeep
- RR Directed op to proceed
- If Israelis want to provide
full assist, then we will
replenish
- We will service unit our
assets if GI still cannot do
want back one of our people
on all activities

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EXHIBIT JMP-82

(Q1353)

26 Oct [sic; should be 26 Nov]

0005 - Call from Clar[r]idge

- Summoned in by Clair/McMahon

- "This is criminal"

- Told Agency was "freight forwarder" by Dewey

- JMP call to McMahon/Clair?

- Told of problem created by Israelis

0100 - Call from Charlie

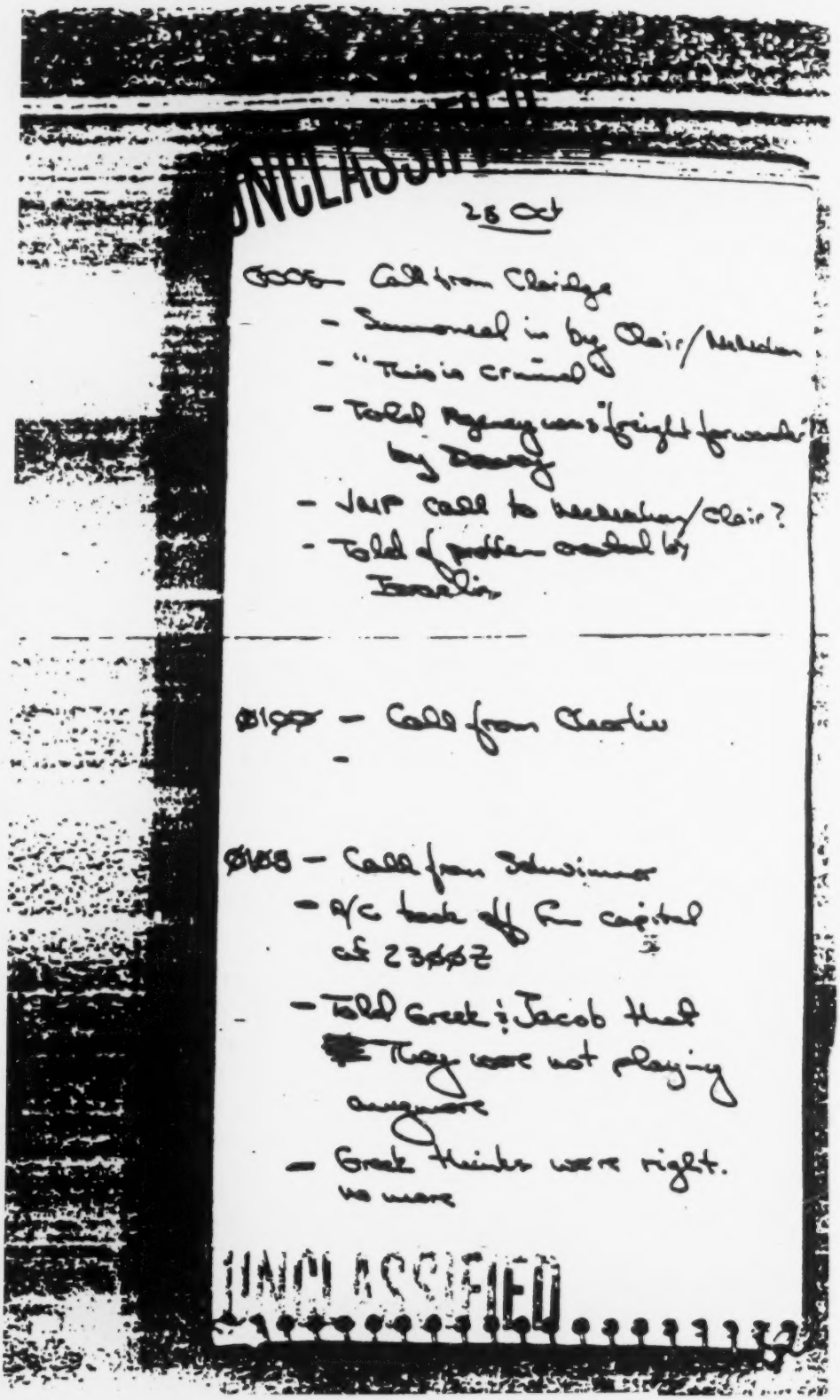
-

0105 - Call from Schwimmer

- A/C took off fm capital at 2300Z

- Told Greek & Jacob that They were not playing anymore

- Greek thinks we're right. no more



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26 Oct

0000 Call from Claridge
- Summoned in by Clair/Mahdian
- "This is criminal"
- Told Ryan was straight forward by Dennis
- JMP call to Mahdian/Clair?
- Told of probe ordered by Brodie

0100 - Call from Claridge
-

0155 - Call from Schweizer
- A/C took off for capital at 2355Z
- Told Greek & Jacob that they were not playing anymore
- Greek thinks we're right. so were

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EXHIBIT JMP–83

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by S. Reger, National Security Council

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12 November 1986 C 3782

MEMORANDUM [redacted] Central Intelligence
Deputy [redacted] of Central Intelligence

SUBJECT: Meeting with VADM Poindexter, 13 November, 1700 hours

TAB A [redacted] With the [redacted] Problem. At TAB A is your note to Admiral Po[redacted] how to deal with the Hamilton letter. Also att[redacted] of Hamilton's letter.

You may also wish to mention that part of the fallout in the Arab world has been [redacted] decision to pull out of a Middle East country the T-72 deal. It is not clear if this is irrevocable, but [redacted] are saying so at the present time. (The DO is considering sending [redacted] out [redacted] to discuss the operation. There is still an alternative. At TAB A you will find two cables [redacted] outlining [redacted] decision.

TAB B Nicaragua. You asked [redacted] to prepare a paper outlining the major issues confronting us and [redacted] need to do before the next Congressional vote on support to [redacted] Democratic Resistance. [redacted] first draft, for insertion at TAB [redacted] will be delivered by the courier this evening.

[redacted]

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Executive Registry
77130

The Director of Central Intelligence

Washington, D.C. 20505

UNCLASSIFIED C 3783

12 November 1986

C

VADM John M. Poindexter
Assistant to the President
for National Security Affairs
The White House

Dear John,

Lee Hamilton has invited you, George, Cap and me to testify on Iran on November 21. The decision how to handle this hearing and who should go needs to be made in the White House. For our part, it makes no sense for anyone from CIA to attend the hearing unless we can acknowledge the finding and describe the role that we played. If the President and you believe we will not be able to do that by the 21st, the [redacted]ittee should be told that the President has [redacted]cted the invitees not to appear at that time [redacted]though they will do so when it will not end[redacted]the ongoing effort to ensure the release o[redacted] hostages.

Let all [redacted] know as soon as possible the course th[redacted]ident wishes to take with respect to th[redacted]ring.

Sincerely,

William J. Casey

[redacted] SECRET SENSITIVE

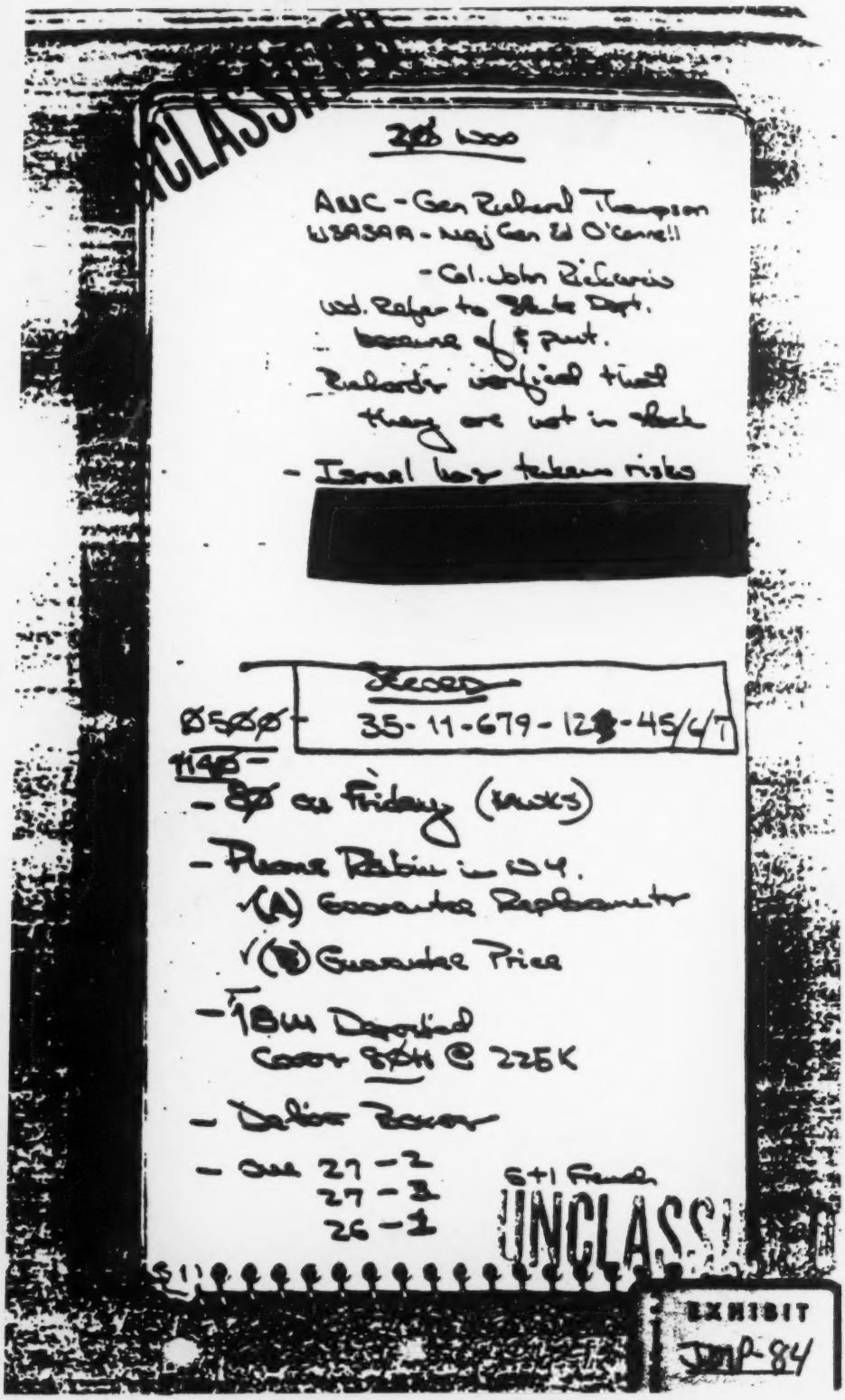
Executive Registry
87-7233

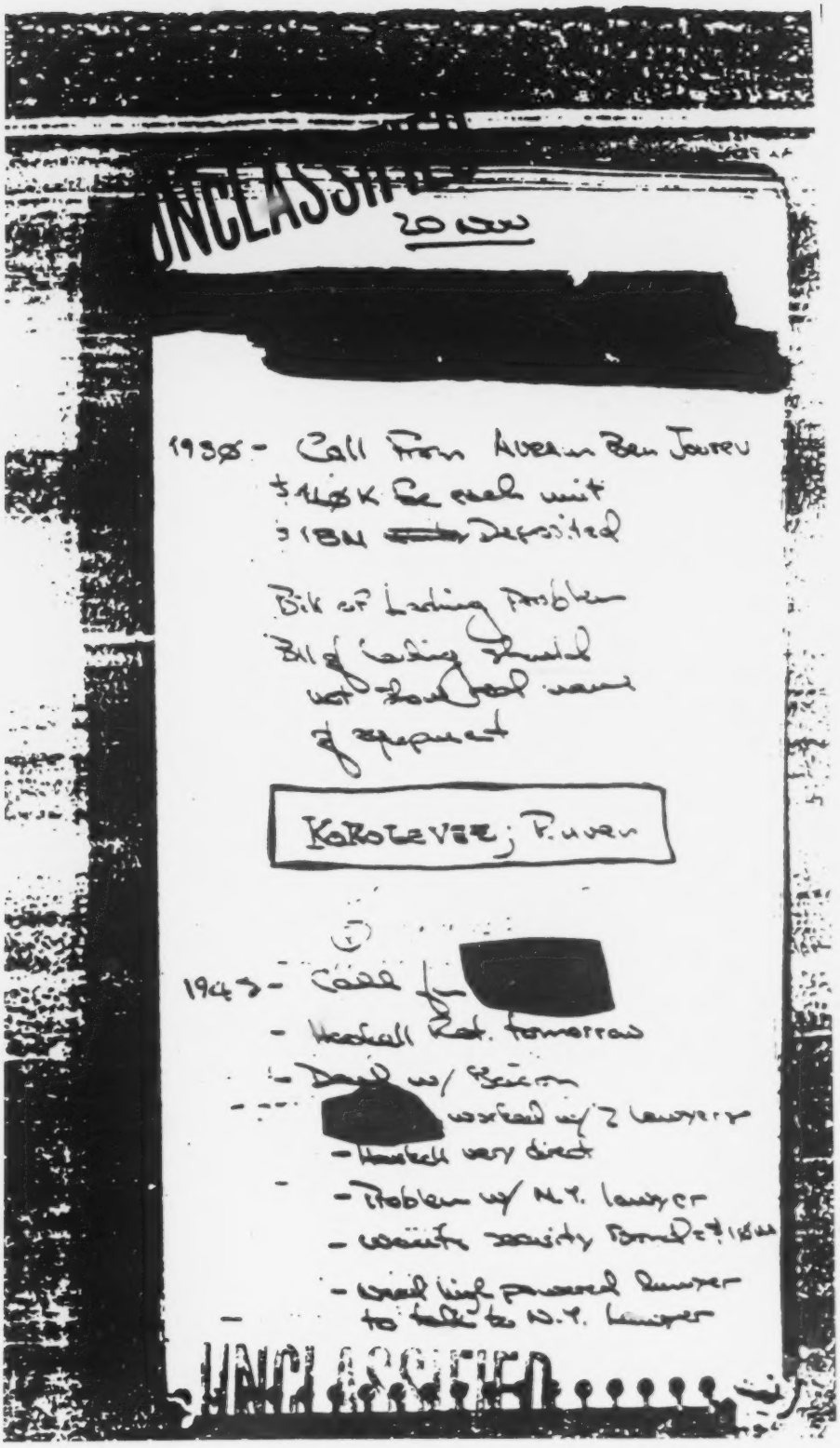
A

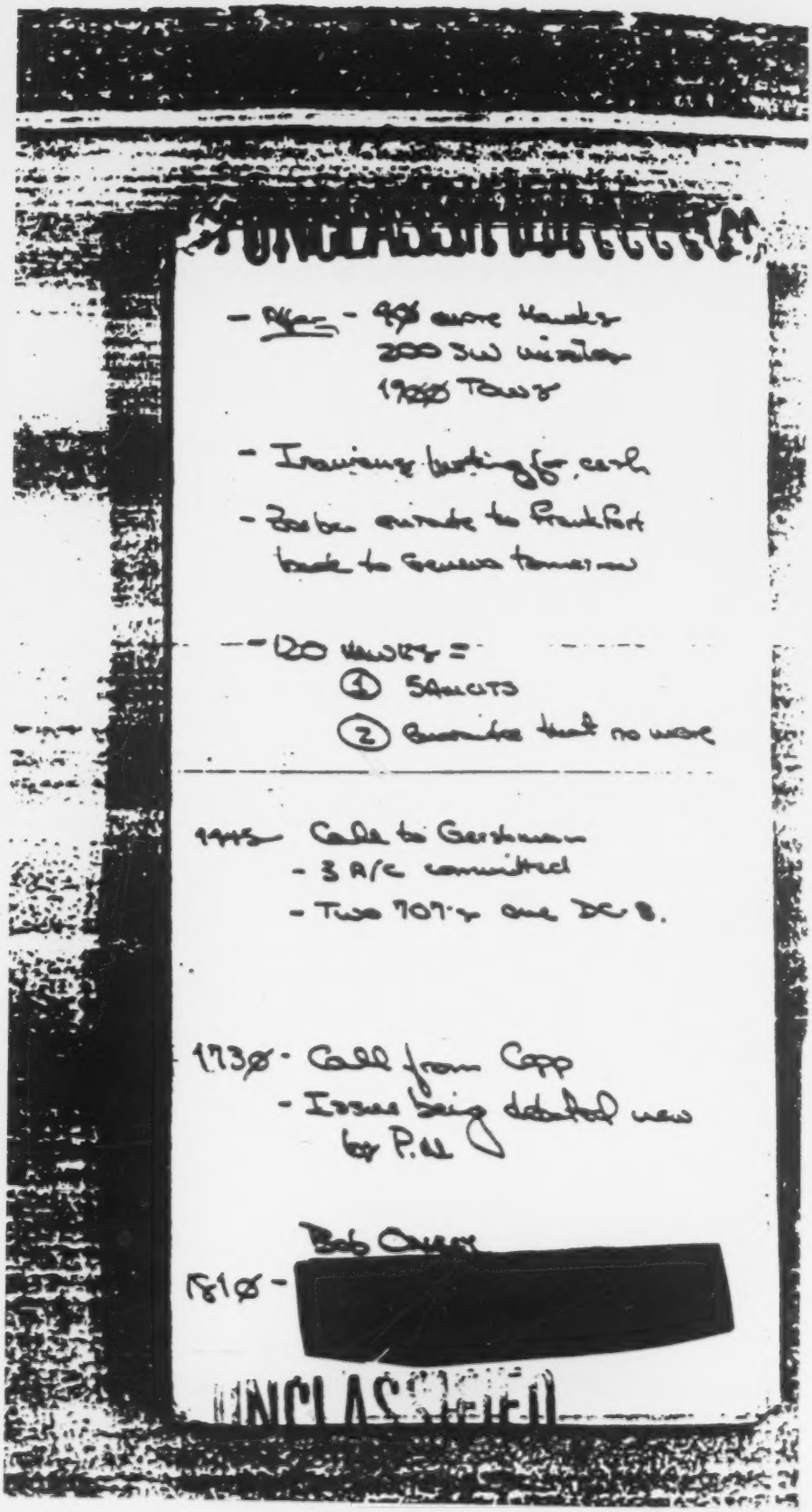
2054 w

UNCLASSIFIED

EXHIBIT JMP–84




UNCLASSIFIED
20 Nov
1930 - Call From Aleksandr Ben Jouveu
$1400 K Re each unit
$ 1BM Deposited
Bill of Lading Problem
Bill of Lading should
not have had name
of shipper
KOROLEVEZ; Ruven
1943 -
- Headed Ret. tomorrow
- Dealt w/ Reuben
- worked w/ 2 lawyers
- Handled very direct
- Problem w/ N.Y. lawyer
- wants security Bond re $1BM
- Will high powered lawyer
to talk to N.Y. lawyer
UNCLASSIFIED



- Plan - 99% aware Hawks
200 SW missiles
1988 Tower

- Iraqis waiting for cash

- Bob to overnite to Frankfurt
back to Geneva tomorrow

- 120 Hawks =
① SAM CITS
② Guarantee that no more

1445 Calls to Gerstman
- 3 A/C committed
- Two 707's one DC 8.

1730 - Call from Cpp
- Issues being debated now
by P.U.

1810 - Bob Oakley
[redacted]

UNCLASSIFIED

UNCLASSIFIED

20 Nov

call from [redacted] (cont'd)

- Courier bringing John Clemmer talk to N.K. lawyers

- Hershell Jones [redacted] - gave him time 15K

- [redacted] delivered msg. that [redacted] not be getting

25K per month
5K for [redacted]

~~On 18 Nov~~ 15K bit [redacted] Acct.

[redacted]

• Bud or George need to tell P.M.

[redacted]

•

UNCLASSIFIED

EXHIBIT JMP–85

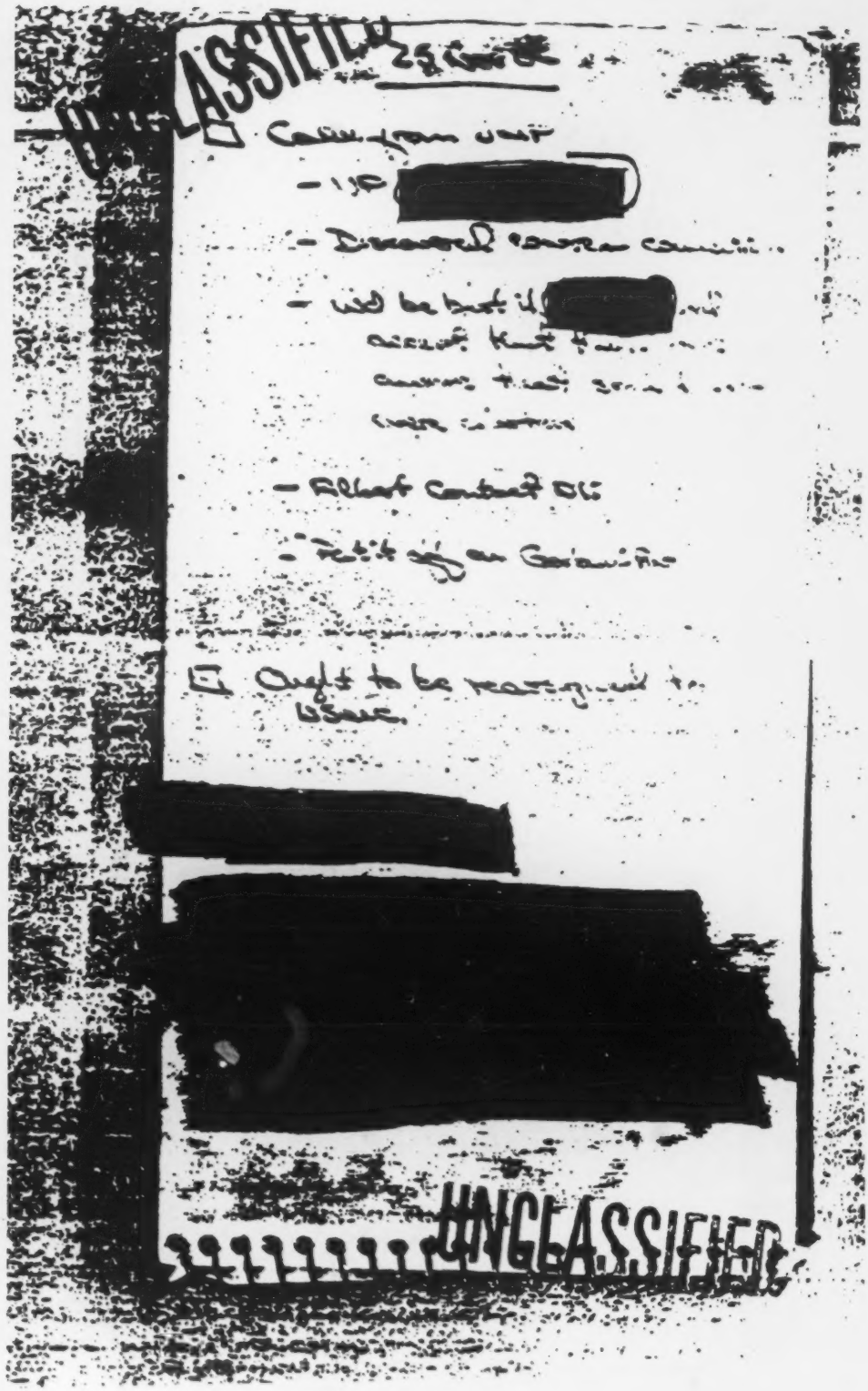


EXHIBIT JMP-90

MEMORANDUM

~~DECLASSIFIED~~

NATIONAL SECURITY COUNCIL

Non-Log

~~SECRET~~

N- 6415

EXHIBIT JMP-90

ACTION

June 3, 1985

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Press Revelations regarding North's Role with Nicaraguan Resistance

For several weeks now there have been rumors of stories being prepared which allege an NSC connection to private funding and other support to the Nicaraguan resistance. The rumors originally surfaced with a reporter Alfonso Chardi from the Miami Herald and now seem to focus more an Associated Press reporter named Robert Parry (note at Tab I). Parry is the reporter who "broke the story" on the so-called CIA "murder manual."

At my request [redacted] went to Chardi before departing for Jamba and told Chardi that if he (Chardi) printed any derogatory comments about the FDN or its funding sources that Chardi would never again be allowed to visit FDN bases or travel with their units. According to [redacted] Chardi promised to drop the story. At no time did my name or an NSC connection arise during their discussion.

The attached note from Karna is, however, more disturbing. Parry is an avowed liberal with very close connections in the Democratic party. It is also reported that he has a personal relationship with one of the NSC staff. In this regard, it should be noted that during December one of the SYSTEM IV papers on the resistance was circulated by Secretariat to other members of the NSC staff. It is subsequent to that circulation that my name began to be associated with fund raising activities for the resistance.

It is currently rumored that Parry plans to break this story before the resistance funding vote--probably Thursday. Despite Bud's admonition on the attached note (Tab I), Parry has contacted members of this staff. It may be helpful to again circulate specific instructions regarding contact with the media for those who conduct such activities. It may also be useful to reconsider the proposal of some years ago for having the NSC staff take periodic polygraph examinations.

RECOMMENDATION

That you reaffirm guidelines to the staff regarding contact with the media.

Approve ✓ Disapprove _____

Attachment
Tab I - Small Note to RCM (w/reply) of May 31, 1985

~~SECRET~~
Declassify: OADR

~~UNCLASSIFIED~~ SECRET

1332

BKD, FBI 12-12-86 NS 30

Partially Declassified/Released on 29 June 1987
Under provisions of E.O. 12356
By B. Rager, National Security Council

THE WHITE HOUSE

WASHINGTON

May 31, 1985

N 6416

MEMORANDUM FOR BUD MCFARLANE

FROM: KARNA SMALL

SUBJECT: Press request

Bob Parry, AP (who can be tough, but has awfully good sources) is working on a big piece on "the national security council involvement in Nicaragu with respect to funding by private, outside groups." He says he understands there was a qualitative change made after latest Boland language last Oct., authorized by the Pres., to change the manner in which Ollie North handled outside contacts -- to be more at arms length. He says he knows about Ollie's involvement and is going to use Ollie's name in the story. He has a request in to talk to: North, Menges and Tillman. He also has one question for you -- he requests a phone call from you between now and early next week (I didn't hold out much hope for that). He says his question for you is:

> "It's my understanding that some day at end of 1983 or beginning of 1984, Reagan instructed McFarlane orally to arrange for private and other outside, non-USG funding for contras. Is that true? And what comment does McFarlane have about it?"

What should I tell him: It is absolutely untrue -- in fact the guidance was firmly to the contrary; that I.

Also, is there anyone on the staff you would wish him to talk to? Tillman? etc.

No

Thanks

(Parry: Office: 828-6448, Home: 920-7521)

EXHIBIT JMP-91

N 12092

[redacted]

Secord , and the Charge continue to seek clearance for A/C from Israel which can land and proceed. Despite the difficulties of the past 24 hours, all continue to believe that if HCA can get them to that this can be done.

We continue to explore three options: —

-- Charter a new A/C to pick up the cargo in Tel Aviv (TA) and deliver it to for xfer to the three Chartered DC-8s for the flight to Tabriz (T).

-- Fly the 3 chartered A/C direct to TA, p/u the cargo, fly to) refile for T (pre

-- Fly the three Chartered A/C directly to TA, load cargo, proceed directly to T w/o filing until airborne and in FIR.

All continue to explore (including Gorbachev option) but believe none is only optimistic solution. Other options compromise origins and flight control) encroaching on many operational details. Richard argues that solution be forced to conclude this weekend to prevent hostages and Shultz and other dogs.

UPDATE AS OF 0600:

DCA contacted at 0730. has agreed to have A/C to TA load at) Duong Mike arranged for a proprietary to work for Secord (Copp). Copp will charter two 707s in the name of LGEN Dangerous (your Swiss Co.) and have them p/u the cargo and deliver it to At the cargo will be xferred to the three Israeli chartered DC-8/55s for the flight to T. Though I am more Copp suspects, he does not know that the 707s belong to a proprietary. Clairidge discovered a model - - so does Copp.

Gorbachev (GRU) has been told how screwed up his people are in planning something like this on such short notice. But only use the 707 they planned to use a national airlines a/c, but they only had it chartered for 24hrs. We have now taken charge of that phase of the operations and are making direct contact to observe flight clearances for the three DC-8s chartered by DA's buffs. If all goes as we now hope, the cargo will be in by noon (local) and commute to T shortly after dark. That means we can expect headwaters (hopefully) Saturday night.

UPDATE AS OF 1900:

Unbelievable as it may seem, I have just talked to Schwimmer, in TA who advises that they have released their DC-8s in spite of my call to DA instructing that they be put on hold until we could iron out the clearance problem (e.) Schwimmer released them to move I and now does not think that they can be re-chartered before Monday.

804

5 May 1987

(223)

N 12093

FILE: [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

[redacted]

[redacted]

EXHIBIT JMP-92

A Captured American Presented by Nicaragua

Reagan Administration Denies U.S. Link to Plane

10-8-86 A1

By Joanne Omang
Washington Post Staff Writer

Top Reagan administration officials yesterday flatly denied any U.S. government connection with a transport plane that the Sandinista government said it shot down in Nicaragua with three Americans and a man of Latin origin aboard.

At the same time, U.S. officials indicated that they knew more about the situation than they were willing to disclose, including the names of those killed in the crash. Secretary of State **George P. Shultz said the aircraft was "hired by private people" who "had no connection with the U.S. government at all."** He said they were "not from our military, not from any U.S. government agency, CIA included .... These are private citizens."

A spokesman for the Central Intelligence Agency denied the agency was involved in the mission, as the Nicaraguan government asserted, but refused to deny that it knew anything about it.

The issue of CIA involvement was heightened by Wisconsin relatives of Eugene Hasenfus, the lone survivor of the crash. Sen. David F. Durenberger (R-Minn.), chairman of the Senate Select Committee on Intelligence, told reporters that Hasenfus' wife, Sally, had telephoned the State Department yesterday morning from her home in Marinette, Wis., "and said her husband worked for the CIA."

A spokesman for Sally Hasenfus said she "is not granting any interviews to anyone." Earlier Hasenfus was quoted by wire services as saying of her husband, "I don't know where he is and what he's doing. I only know what I see on the TV, too, and I really don't know anymore."

The Associated Press said that Hasenfus' brother, William, reportedly told a friend that Hasenfus had gone to work 20 years ago for Air America in Vietnam, when it was a CIA cover company, and later returned to work for the firm readying cargo for air drops.

Kathy Pherson, a CIA spokesman, denied any link. "We have nothing to do with the plane, nothing to do with the guy. He does not work for us, and we are not involved," she said. The CIA is barred by law from aiding the Nicaraguan contras, or counterrev-

PLANE, A10, Col. 1

Crash Survivor Described As Adviser in El Salvador

10-8-86 A1

By Julia Preston
Washington Post Foreign Service

MANAGUA, Nicaragua, Oct. 7—An American captured by Nicaraguan troops appeared briefly at a press conference here late today, and the Sandinista military displayed credentials identifying him and the American pilot who died in a downed plane Sunday, as U.S. military advisers in El Salvador.

A second American, the copilot, also was killed, according to Nicaraguan officials.

The Nicaraguan government charged that the flight was operated by the CIA to resupply U.S.-backed rebels, known as contras, inside Nicaragua.

U.S. embassies in Central America denied the aircraft and its crew were linked to the U.S. government.

"My name is Eugene Hasenfus. I'm from Marinette, Wisconsin," said the tall redheaded man who was led out in front of a roomful of journalists by a Sandinista officer.

"I was captured yesterday in southern Nicaragua," Hasenfus said, in a statement lasting less than a minute. He was quickly steered away by Sandinista guards.

Hasenfus is the first American prisoner of war the leftist Sandinista government is known to have captured in five years of fighting against the contras.

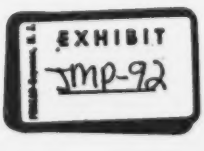
Hasenfus, 35, was dressed in a mud-caked blue cotton work shirt, blue jeans and work boots. His face appeared bruised and swollen, but he stood and walked without aid. Deep sadness marked his features.

Lt. Col. Roberto Calderon, Sandinista Army commander in the southeastern jungle region where he said the C123 military cargo aircraft was shot down Sunday afternoon, identified the deceased pilot as Capt. William J. Cooper.

The copilot was identified as Wallace Blaine Sawger, also killed in the crash. A fourth crew member was of Latin origin but could not be identified, Calderon said. The bodies, found inside the plane's smoking hull, have not yet been evacuated from the region, he said.

According to the Sandinista officer, Hasenfus said under questioning that he was a "kicker," the crew member assigned to push cargo out the plane's open rear door into

See NICARAGUA, A10, Col. 3



Nicaragua Presents American Crewman After Crash

NICARAGUA, From A1

the forests below. Hasenfus was said to have parachuted to safety when the plane was pierced by a portable Soviet-Bloc rocket fired by Sandinista infantrymen.

Hasenfus was surrounded and captured at midday yesterday by Nicaraguan counterinsurgency forces as he fled through overgrowth about 30 miles north of the border with Costa Rica.

In the plane's charred and fractured wreckage, Nicaraguan troops found wallets they said belonged to the three Americans. One plastic-encased credential in Hasenfus' name bore his picture and indicated issue by the Salvadoran Air Force on July 20 of this year. It identified him as an "adviser" in the "USA" group at the Ilopango air base in San Salvador.

A similar reddish credential, its photo showing a man with a mustache, was in Sawger's name.

A third credential was issued to Cooper by a Miami-based air freight firm, Southern Air Transport. It was dated April 2, 1986, with a signature identified as that of personnel director Carl Holeva.

One wallet contained the business card of Capt. Humberto Villalta, an officer of the Salvadoran Navy. Another card belonged to P.J. Buechler of the State Department office that administered humanitarian aid for the contras during the last fiscal year.

In El Salvador, the U.S. Embassy said in a statement that Hasenfus "is not part of the U.S. military group here. He has no links with the U.S. Embassy. We don't know who he is."

The U.S. Embassy in Managua sent a diplomatic note to the Foreign Ministry requesting consular access to Hasenfus and additional information about the dead, according to Alberto Fernandez, the embassy spokesman, who said the embassy received no response. Fernandez said, "Neither the airplane nor its crew and cargo were financed by the U.S. government."

Sandinista troops removed from the wreckage about 70 new Soviet-made assault rifles, 100,000 rounds of rifle ammunition, about one dozen PG7 rockets and 150 pairs of combat boots, said Calderon, the Sandinista commander. Calderon said Nicaraguan intelligence had detected four other contra resupply flights from El Salvador since July. He asserted that the flights circle in from the Pacific Ocean over Costa Rica before looping north into Nicaragua.

[Earlier, Hasenfus told local journalists in San Carlos, near the crash site, that the flight began in Miami, picked him up in El Salvador, then went to Honduras, where it picked up a Nicaraguan, and entered Nicaraguan airspace from Costa Rica at a site called La Noca, The Associated Press reported.]

Calderon quoted Hasenfus as saying in a "conversation" with his captors that five contra resupply planes are parked at the Salvadoran Ilopango base. The downed plane was said to carry registry number C824, according to a log book Calderon held in his hands.

None of the three Americans appeared to be active-duty U.S. military personnel. Hasenfus reportedly said he served in the U.S. military in Vietnam until 1972 and had "continued to do the same work he did in Vietnam."

In Tegucigalpa, a contra spokesman said by telephone that all of his group's aircraft were accounted for undamaged "in their airports."

Carlos Icaza of the Nicaraguan Democratic Force (FDN), which with an estimated 14,000 men, is the largest contra force, said the group sometimes accepts aid, including air resupply of its field fighters, from "private volunteers."

But the contra leader said that in recent weeks no organization made any attempt to coordinate such assistance with the FDN.

Icaza said the CIA has not been involved in resupplying contra rebels with flights over Nicaragua since its mandate to provide aid was suspended in 1984. He said no U.S.-supported contra group currently has enough funds to obtain an airplane such as the C123.

The C123 is a twin-engine cargo craft that has been in production, with various models, since Fairchild introduced it in the 1950s. It has been a staple troop carrier for the U.S. Air Force and was in heavy use in Vietnam.

obituaries, with anything but intelligence information, "and we do not break those restrictions," she said.

Asked whether that meant the agency knew nothing about the incident, Pherson said, "I can't help you."

Asked to identify the four men, State Department officials said they had the names but would not reveal them. They would not say how they had obtained the names.

Elliott Abrams, assistant secretary of state for inter-American affairs, told reporters that if reports that the four were carrying arms to anti-Nicaraguan rebels were true, "then they are heroes."

Ernesto Palazio, spokesman here for the United Nicaraguan Opposition, the rebels' umbrella organization, said the downed plane "could very well be" one of the contras' planes, but that he was not yet certain. "Ever since Congress placed restrictions on aid, we have had to go get private donations," he said. "Occasionally we have had to use the services of volunteers to complement our own pilots."

He said there had been no contact yet with contras on the ground near the crash site in southern Nicaragua.

Spokesmen for several groups previously associated with aid shipments to the contras denied any link to or knowledge of this flight. They included officials of the Civilian Materiel Assistance, formerly Civilian-Military Assistance, in Memphis, which supplies medical and other aid and which lost two members in a September 1984 helicopter crash in Nicaragua.

Retired major general John K. Singlaub, head of the U.S. Council for World Freedom in Phoenix, who has spoken proudly of facilitating arms purchases for the contras, said from the Far East through spokeswoman Joyce Downey that he knew nothing about the plane. "We have located all of our people," Downey said.

Officials of Southern Air Transport in Miami, whose planes have reportedly been chartered for previous aid flights to Nicaragua, said they knew nothing about this one or Hasenfus. William Hasenfus said his brother, Eugene, had been working for a Florida air freight company, but refused to name it.

Defense Department records show that a Eugene Hasenfus joined the U.S. Marines on May 9, 1960, was trained as a parachute rigger for equipment drops and sent to Camp Pendleton, Calif., where he remained until he left the service as a corporal June 17, 1965.

His military records say he did not serve abroad. His stepmother, Theresa Hasenfus, told The Associated Press, however, that he had served in Vietnam.

Durenberger said at a news conference that the CIA had assured the intelligence committee that "there is absolutely no connection between that plane, what was in that airplane, the pilots or anybody else [on board] and a U.S. government-financed or -sponsored effort such as the so-called contra operation."

Durenberger added that he believes the agency: "They have so much riding on this . . . . I don't think they've ever lied to any of us. The problem is what they don't tell you."

Sen. Patrick J. Leahy (D-Vt.), the committee vice chairman, said he was concerned that the flight might have been "connected with any of these soldier of fortune type operations which are sort of sent out there with a wink and a shrug as a way of going around our stated foreign policy." If there is such a link, he said, "then I think we're in for some very serious trouble."

Committee spokesman David Holliday said later that, based on current information, "nobody on the committee believes that the CIA or any government agency violated the law or did something they shouldn't have done."

Rep. Michael D. Barnes (D-Md.), head of the Foreign Affairs subcommittee on Western Hemisphere affairs, said he thought it "unlikely" that the government was not involved. "Very little of what's happening down there right now is not somehow affected by U.S. action," he said.

Rep. Henry B. Gonzalez (D-Tex.), meanwhile, called for a House investigation into two recent air crashes in Texas and Nicaragua to determine whether they were part of an alleged covert CIA operation aimed at toppling the Sandinista government.

Rep. Henry J. Hyde (R-Ill.), a member of the House Permanent Select Committee on Intelligence, said he agreed with Assistant Secretary of State Abrams. "The Soviets are pouring all kinds of stuff in there. And unless there's some kind of an effort at equalization, the contras will be overwhelmed," he said. "Anyone who's attempting to keep them viable, I say, 'God bless 'em.' "

Abrams said he thought the plane was "what we call a 'resupply flight' of the sort that has kept the resistance alive" since Congress cut off U.S. aid to it in May 1984. "Some very brave people . . . have been willing to actually bring this material into Nicaragua, which seems to be the case with this flight," Abrams said. "God bless them . . . . If these people were involved in this effort, then they are heroes."

He said he had "some intelligence about the plane" and the people on it but that the information "is not for public consumption."

Asked about possible violations of the Neutrality Act, which bars U.S. citizens from supporting attacks on nations with which the United States is not at war, Abrams said he had advice for others seeking to aid the Nicaraguan rebels: "If you're planning to do something like this, get yourself a lawyer."

EXHIBIT JMP-93

FILE: SEP86 [redacted] AO WHITE HOUSE COMMUNICATIONS AGENCY

RCM TO JMP 10/10/86 15:10:42

UNCLASSIFIED

Partially Declassified/Released on 5 May 1992
Under provisions of E.O. 12356
By Reger [illegible], NSC Council

N 12624

DATE FROM: ROBERT MCFARLANE
SUBJECT: Vice Chairman

Don't bother reading this until you return.

[redacted]

EXHIBIT JMP-93

At some point I would like to raise Ollie's situation with you. I really think he has become every Democrat's best target and as hard as it would be to lose him, it will serve your and his long term interest to send him back to the Corps. Take care.

[redacted]

Vice Chairman
MSG FROM: NSDTN --CPUA TO: ALL PROFS USERS 10/10/86 15:37:47
To: ALL PROFS USERS

.....

UNCLASSIFIED

JMP 3/256 (14)

EXHIBIT JMP-93A

UNCLASSIFIED

From: NSVMC --CPUA Date and time 10/08/86 16:38:12
To: NSRMM --CPUA JOHN M. POINDEXTER NSWP --CPUA JOHN M. POINDEXTER
NOTE FROM: Vincent Cannistraro
SUBJECT: Downed Plane

At RIG meeting with Elliott Abrams today the question of the captured American held by the Nicaraguans was discussed. Following decisions were made:

--Demands for consular access would continue. Elliott thought Nics would accede to our request today. (He later called me to say the Nics had still not responded and we should be prepared to escalate tomorrow if there is no movement. Believes we may have to make this a "hostage crisis" to exert leverage on Sandinistas.

[redacted]

--Press Guidance was prepared which states no U.S.G. involvement or connection, but that we are generally aware of such support contracted by the Contras.

--UNO to be asked to assume responsibility for flight and to assist families of Americans involved. Elliott will follow up with Ollie to facilitate this.

--ARA will attempt to identify appropriate legal counsel and ask UNO to engage him. Lawyer will be asked to donate services pro bono. Alternatively, private money can be found, according to Elliott.

--HPSCI and SSCI have been briefed and there were no problems.

--Elliott said he would continue to tell the press these were brave men and brave deeds. We recommended he not do this because it contributes to perception U.S.G. inspired and encouraged private lethal aid effort.

cc: NSWP --CPUA NSRLE --CPUA

Partially Declassified/Released on 6 Jul 1987
under provisions of E.O. 12356
by S. Reger, National Security Council

1667

EXHIBIT
JMP-93A

UNCLASSIFIED

E-5D 12/17/26

EXHIBIT JMP-94

1 Massachusetts Avenue N W
Washington DC 20001
202 898-7900

PLEASE CREDIT EXCERPTS TO "EVANS & NOVAK" (CNN).

EVANS & NOVAK

AIR TIMES: Saturday, October 11, 1986; 12:30 PM, ET
Sunday, October 12, 1986; 12:30 AM & 4:30 PM, ET

ORIGINATION: Washington, D.C.

GUEST: ELLIOTT ABRAMS
Assistant Secretary of State for
Inter-American Affairs

INTERVIEWED BY: Rowland Evans & Robert Novak

PRODUCER: Elissa Free

ASSOCIATE PRODUCER: Susan Cheiken

EDITOR: This is a rush transcript provided for the information and convenience of the press. Print and broadcast media are permitted to quote this transcript provided credit is given to "EVANS & NOVAK" (CNN) Video and audio cassettes are available upon request to the media. For further information, please contact Elissa Free or Susan Cheiken at (202) 898-7900.

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Transcript inquiries only: (202) 347-2321

EXHIBIT
JMP-94

N1712
12/3/1
1

CNN'S EVANS & NOVAK

MR. NOVAK: I'm Robert Novak. Rowland Evans and I will question a senior administration official about the American shot down over Nicaragua by the Sandinistas.

MR. EVANS: That official is Assistant Secretary of State Elliott Abrams.

MR. EVANS (on tape): Who is Eugene Hasenfus? We know he is an American citizen, an ex-Marine, a solider of fortune in the Vietnam War, and we know his transport plane was shot down over Nicaragua. The CIA flatly denies that he was a CIA man, or that the CIA had anything to do with the plane or with Hasenfus. And President Reagan strongly suggested that Hasenfus is a good American citizen acting as a private citizen to help the U.S.-backed contras overthrow the Sandinista-Marxist regime.

PRESIDENT REAGAN (Wednesday, October 8, 1986): We've been aware that there are private groups and private citizens that have been trying to help the contras, to that extent, but we did not know the exact particulars of what they're doing.

MR. EVANS: Mr. Secretary, can you give me categorical assurance that Hasenfus was not under the control, the guidance, the direction, or what have you, of anybody connected with the American government?

MR. ABRAMS: Absolutely. That would be illegal. We are barred from doing that, and we are not doing it. This was not in any sense a U.S. government operation. Done.

MR. NOVAK: We'll be back with more questions for Assistant Secretary Abrams after these messages.

- - -

MR. NOVAK: Assistant Secretary of State Abrams, you gave categorical assurance in answer to my partner's question that Mr. Hasenfus is not taking orders from anybody connected with the U.S. government. You know, in this town, sir, that gets howls of laughter, particularly from my colleagues, when Mr. Hasenfus himself says I thought I was working for the CIA.

MR. ABRAMS: First, we don't know what Mr. Hasenfus

thinks. Mr. Hasenfus is a captive of the Sandinistas; he is in their control. God knows what they are saying to him or doing to him. And nothing that he says while he's in their captivity can be thought of as being his actual views until he's free to speak. Secondly, it is conceivable also to me that he thought--because I don't know him--that he thought he was, in fact, working for the CIA. That is conceivable.

MR. NOVAK: Why would he think that?

MR. ABRAMS: Well, I'll get to that in a second. I just wanted to repeat that categorical assurance that he was not. If you look at this series of people who are, in fact, engaged, and have been for the last couple of years in helping the contras, they came in when the Congress abandoned the freedom fighters in Nicaragua, and they've been keeping them alive for two years. When they got started, it looks as if they did what you'd you expect. They looked around and said, who's got some experience for this kind of work. And they came up with some people who were in Air America, which had connections with the CIA in Vietnam, and who were in Vietnam, and who were in the CIA. You'll find a close pattern of relationships here. You'll find some old school ties. But you will not find any current ties.

MR. NOVAK: All right, now, just on Friday the San Francisco Examiner reported that, no, quoting intelligence sources, said there was no CIA connection, but there was connection, of all places, from Vice President Bush's office. That Vice President Bush's security aid, Mr. Don Gregg, had hired this Max Gomez, who Mr. Hasenfus described as a CIA agent. Do you know anything about that?

MR. ABRAMS: Not a lot. I first heard about it on Friday morning as well. I can say first of all there's no Max Gomez. Whoever that gentlemen is, he certainly isn't named Max Gomez. So we need, first of all, to find out who he is. Secondly, I know nothing about any connection to the Vice President's office whatsoever. And thirdly, in his capacity down there in Central

America helping whoever he is, he is not on the U.S. government payroll in any way.

MR. NOVAK: Now, when you say gave categorical assurance, we're not playing word games that are so common in Washington. You're not talking about the NCS, or something else?

MR. ABRAMS: I am not playing games.

MR. NOVAK: National Security Council?

MR. ABRAMS: No government agencies, none.

MR. EVANS: Mr. Secretary, you said that if the Sandinistas had Hasenfus in captivity, and if he said what they wanted him to say, he'd be out in no time; if he didn't, he might be in for 30 years. Will he now be out in no time, since he has said he was a CIA man?

MR. ABRAMS: I don't know. I don't know how they're--

MR. EVANS: But you said that.

MR. ABRAMS: Well, that's right. and the question is what they think of what he said, and what they're trying to use this incident for, for political advantage, obviously. But how? Will they risk a trial? Will they risk turning themselves into an Iran with kangeroo courts of Americans?

MR. EVANS: You think he has been coerced into making this statement about the CIA. You don't think he made it knowing that it was correct, thinking it was correct, I mean. He made it knowing it was false?

MR. ABRAMS: I don't know. I know that you cannot rely on any statement he makes while in their control as being his actual views.

MR. EVANS: Mr. Secretary, the New York Times reporter down there--I don't remember his name, but I think he's probably a good reporter--said that he had inspected the records on the plane, the documents, for two hours, and he said they don't prove anything to me, but he said everything I looked at tends to support what Hasenfus has told us, that he was a CIA man.

MR. ABRAMS: Well, he wasn't.

MR. EVANS: Can you give me an explanation of that?

MR. ABRAMS: Yes. I would first point you, again, to the Senate and House Intelligence Committee chairmen, Durenberger and Hamilton--

MR. NOVAK: Senator Durenberger of Minnesota and Congressman Hamilton of Indiana.

MR. ABRAMS: That's right, who has said--

MR. EVANS: Chairman of two Intelligence Committees.

MR. ABRAMS: Both chairmen, one Democrat, one Republican, have said this is not in any sense a CIA operation. And I want to repeat that again. Why does it look like a CIA operation? I will bet you, and it's a bet because I don't know for sure that there are ex-CIA people involved, or people who have done this kind of work before in Asia and Africa, in Latin America. Who do you--you know, then you're putting an operation like this together, you don't advertise in the New York Times. You ask around for people who are reliable.

MR. EVANS: I understand that. Mr. Secretary, let me pursue this one more, and don't please draw erroneous conclusions about my own feelings about this from these quesetions. I'm only seeking the truth. I'm not telling you think. I think the man is a patriot. However, he's being paid three thousand dollars a month, and if there's one who kicks out the cargo being paid three thousand dollars a month, there must be twenty or thirty or forty or heaven knows how many. Who's supplying that money?

MR. ABRAMS: I can tell you only one thing about that, and that is that there is no one source, as near as I can make out, nor is there any one organization. There are a whole bunch of them. I don't know who they are. I want to be very clear on that. We do not follow and find out the identities of the thousands of Americans who help the FMLN guerillas in El Salvador, the communists, or the communist regime in Nicaragua. Because they have a right to do so as Americans. And we don't follow the people who are trying to help U.S. policy and restore freedom to Nicaragua. I don't know who they are.

MR. EVANS: Saudi Arabian money?

MR. ABRAMS: I have heard that, again, on Thursday or Friday, and as far as I am aware it is just plain false.

MR. EVANS: Israeli money

MR. ABRAMS: Again, as far as I am aware--but I want to--

MR. EVANS: I can't believe you don't know where that money's coming from.

MR. ABRAMS: I do not know where that money is coming from.

MR. NOVAK: All right, Mr. Abrams, there's one problem with your story. And that is that Mr. Hasenfus says that his plane had been taking off from a U.S. airbase in El Salvador, it had taken off on this particular flight from a base used by the U.S. military in Honduras, and the Joe Smith Ajax Transport Company can't just use those bases. You have to have a lot of clout to use a U.S. military base.

MR. ABRAMS: I start again, you don't know what Mr. Hasenfus actually believes. You only know what he's saying under the control of the Sandinistas. As to allegations of third country involvement in this, you, I think, would understand, I am never, ever going to comment publicly on allegations that other countries are involved.

MR. NOVAK: But it's our air base in El Salvador.

MR. ABRAMS: We don't have any air bases in El Salvador.

MR. NOVAK: Well, who owns that base in El Salvador, who mairtains that base?

MR. ABRAMS: We don't have any bases, and therefore, any bases that exist in El Salvador are maintained by the government of El Salvador.

MR. EVANS: We have the right to use it, however. We rent certain facilities at that air base.

MR. ABRAMS: I don't believe that's correct.

MR. NOVAK: You've backed me into a cul de sac, Mr. Abrams. You're a very clever fellow, but the point of the matter is that if you have this plane using U.S. military facilities, and

they are down there--

MR. ABRAMS: It is not. Let me just say that. It is not. That if this plane were using, the plane that was downed, U.S. military facilities, we would be in violation of the law, because the law says no weapons to the freedom fighters, and we are not doing that it. They are not using U.S. military facilities.

MR. NOVAK: So you are extending your categorical denial to that.

MR. ABRAMS: To DOD, absolutely.

MR. NOVAK: One more thing on the legal end, Mr. Abrams. There are a lot of people on this network, on CNN, last week Congressman Peter Kostmayer of Pennsylvania said that this man, whatever else, Mr. Hasenfus was in violation of the Neutrality Act. What do you think of that?

MR. ABRAMS: I'm not expert on the Neutrality Act. My understanding is that if Mr. Hasenfus was working in Central America that he was not in violation. If he was shipping arms out of the U.S. then perhaps he was. But that, you know, these are eighteenth century, arcane statutues. I can't tell you whether he was or wasn't. But I don't think he was.

MR. NOVAK: Do you think we ought to repeal the Neutrality Act?

MR. ABRAMS: Oh, I'm not going to touch that one.

MR. EVANS: But you think it's a non-act anyway; you say it's arcane, archaic.

MR. ABRAMS: No, we have, no, there have been people who have been actually prosecuted by the Justice Department for violations of it.

MR. EVANS: Now, Mr. Assistant Secretary Elliott Abrams, I hate to do too much on this, but I have to. A plastic ID was found in that aircraft. It was issued by the Salvadoran air force. It identified Hasenfus as a quote, as an, quote, advisor, unquote, in, quote, U.S.A., unquote, group at Ilopango.

MR. NOVAK: Ilopango's the air base in El Salvador.

MR. EVANS: Correct.

MR. ABRAMS: I'll repeat again. He was not in any way not only a U.S. government employee, U.S. government adviser, he had no connection whatsoever with the U.S. military.

MR. EVANS: I have to believe you, because I know you're an honest man. Explain to me what the word adviser, and U.S.A., those two words, mean, could mean, what could they mean?

MR. ABRAMS: This--my understanding was it said, it said "Grupo U.S.A.", U.S.A. group. That's not the U.S. military adviser group. The first thing I did when I heard about that from the Sandinistas in TV was to call our ambassador in El Salvador and say who's on, who's in your military group, the famous 55 advisers, is this man any way--no connection. Now, who printed up that card and who gave it to him? I don't have a clue.

MR. EVANS: Now, let me ask you another question that intrigues me, and Sally, Mrs. Hasenfus, and apparently she's a very intelligent woman living up there in the great state of Wisconsin. I was told that she phoned the State Department, and in asking what had happened to her husband, said, of course, he is with the CIA. Why would she on earth do that?

MR. ABRAMS: If she said that, I can think of one very good reason. Maybe she thinks that he was.

MR. EVANS: In other words, that he was not leveling with her as to what is real--

MR. ABRAMS: I don't know. All I know for a fact is that he wasn't.

MR. NOVAK: You're going to say that maybe he thinks he was, too?

MR. ABRAMS: Oh, that's perfectly plausible to me.

MR. EVANS: How? Explain that to our--

MR. ABRAMS: Remember the--

MR. EVANS: I don't understand that. I don't think our viewers understand that.

MR. ABRAMS: Oh, I think it's simple. Remember what's

going on here. A group of people, lots of people, disorganized groups of people are engaged in supplying the resistance. They know that what they're doing is generally approved of by the administration, and it is, keeping the freedom fighters alive until Congress finally acts.

They know that this was an activity that the United States has been engaged in on and off. For example, we had the humanitarian assistance, getting uniforms, food, medicine, to the freedom fighters, and someone comes along and says, I'd like to put you on a covert CIA operation. I'll pay you three thousand dollars a month. Will you help me? You say yes. You don't actually know whether it is a covert CIA operation or not. When you get down to the level at which Mr. Hasenfus was working, a so called kicker, pushed things out of the airplane, into Nicaragua, I very much doubt whether he was exactly sure who was paying him.

MR. NOVAK: All right, Mr. Abrams. By coincidence or not, the Sunday of last weekend, CBS, "60 Minutes", one of the most widely watched programs in America, had a feature on retired Major General John Singlaub in which their promotion said, ah, here's a guy who will fight your war for you, as long as it's an anti-communist war. They kept hyping that during the football game. The New York Times subsequently says--Mr. Singlaub is in the public consciousness--that General Singlaub's organization owned this plane that crashed; General Singlaub denies it. Who is telling the truth?

MR. ABRAMS: Singlaub was telling the truth. That was not one of his planes, as near as I can make out. The Times story to which you refer, about a week ago, is filled with errors, and that's one of the errors. There is a mistaken view that General Singlaub does all of this. There are actually a lot of groups out there, and a lot of people helping.

MR. NOVAK: Now, I want to just go into this whole question, if I could, of this operation, which as a military amateur it seems to me was the most amateurish thing I could

imaging. It was a daylight operation. There was no back up plane. It looked like they didn't use much evasive action. Is this, how come operating this way they didn't shoot down a plane long before this? Do you have any guess?

MR. ABRAMS: Yes. Sheer luck. And the fact that the good, that anti-aircraft material has been growing in Nicaragua as the Soviets shipped in more. I'd just pick up on that to say one other thing. The reason this is going on, the reason that there are Americans who were killed and shot down is that Congress won't act. If this bill passed, and the U.S. government were permitted to do this, under that statute no American goes near Nicaragua or within twenty miles of its borders.

MR. NOVAK: Will it pass before the end of this session?

MR. ABRAMS: I believe it will. I believe it will pass next week.

MR. EVANS: Mr. Assistant Secretary Elliott Abrams, do you feel that the credibility of the U.S. government, which has been under some attack anyway, quite apart from this incident, has been hurt by this?

MR. ABRAMS: I think it's too soon to tell. I take great comfort in the fact that the Intelligence Committee members I speak to seem to be in complete agreement that, yes, there was no U.S. government involvement. In fact, even the journalists I speak to have, I think, tended to come to the conclusion.

MR. EVANS: Mr. Secretary, Bernard Kalb, one of your beloved associates, until very recently, just quit the State Department on a charge that he couldn't work under an administration that had a credibility factor as large as the Reagan administration. What do you think about that?

MR. ABRAMS: You're tempting me.

MR. EVANS: No, no. Speak out.

MR. ABRAMS: I think that resigning with this kind of public fuss a few days before the President goes off to a pre-summit meeting with General Secretary Gorbachev was something that should

not have been done.

MR. NOVAK: It would have been okay if he resigned three days later, in other words.

MR. ABRAMS: Well, I think it would have been a lot better for the country had it been done a few days later. I also think that it just doesn't wash, because the accusation seems to be that the rest of us really should be resigning, too, including the Secretary. And that's just silly.

MR. EVANS: You testified, I believe, on this last Friday, before the Senate Foreign Relations Committee--I believe that's true.

MR. ABRAMS: That's right.

MR. EVANS: Do you find any opposition, or any criticism, or any questioning up there, and is it left or right? Is it liberals or conservatives?

MR. ABRAMS: I find questioning from liberal Democrats about the--

MR. EVANS: Like?

MR. ABRAMS: Well, Senator Kerry, for example, has long been--

MR. EVANS: Of Massachusetts.

MR. ABRAMS: --questioning--that's right. It's basically opponents, basically it's opponents of the policy who are, I would say, looking for yet another way to oppose it.

MR. EVANS: And these are liberals?

MR. ABRAMS: Yes.

MR. EVANS: Did you remind them that the liberals were behind the movement to help the Spanish communists and socialists in the Lincoln Brigade in the 30's?

MR. ABRAMS: No, we didn't.

MR. EVANS: Didn't come up?

MR. ABRAMS: Didn't come up.

MR. EVANS: Do you see an analogy there?

MR. ABRAMS: I would see an analogy. But I would also

make a closer analogy today. There are thousands of Americans who are supporting the communist regime in Nicaragua, and the communist guerillas in El Salvador--the FmLN--and we're not going after them. We're not trying to pursue them; we're not trying to find out who they are. They have a right to do that. And they have a right to support communist regimes. We have a right to oppose them.

MR. NOVAK: Let me follow that up closely. Andrew Messing, who I think you might know--

MR. ABRAMS: I do know.

MR. NOVAK: He's a fellow who helps fight these low intensity warfares around the world, anti-communist. He says that there are Americans who are actually fighting in Nicaragua on the communist side. Do you know that for a fact?

MR. ABRAMS: No. I don't recall any intelligence reporting about Americans being in combat.

MR. NOVAK: Let me ask you another question about Nicaragua. There are reports that the Sandinista army, armor, aircraft, artillery, is massing for an attack on the Miskito Indians who have been in resistence before the American aid finally gets in there. Do you know that to be true?

MR. ABRAMS: I would rather not comment on the state of our intelligence about Sandinista military activities. I'm sorry.

MR. NOVAK: Well, let me generalize the question, Mr. Abrams. Do you think it is possible that there will be some severe military blows suffered before the aid arrives? Is it possible, without talking about Sandinista intentions.

MR. ABRAMS: I think we're getting too close, now. We're a few days away. I think the real question is how do the Sandinistas react to the President signing that bill next week. We think they'll go to the U.N. But more than that, will they attack Honduras again? What will they do? Will they do a big internal attack? We'll see.

MR. EVANS: We only have a moment left. The C2M is the rocket described to me as that which fired against the plane that

brought down Hasenfus. Do you know what a C2M is?

MR. ABRAMS: No.

MR. EVANS: Do you know who makes it?

MR. ABRAMS: My understanding is that the plane was brought down by a Soviet made rocket.

MR. EVANS: Maybe that's the C2M. Is there an increase in those Soviet rockets, right now?

MR. ABRAMS: There is an increase in rockets, and a massive increase in Soviet helicopters, and a massive Soviet arms inflow in 1986 into Nicaragua.

MR. EVANS: But specifically on anti-aircraft rocket, does this worry you about all supply planes going in there now?

MR. ABRAMS: It certainly does. It's going to be a larger problem.

MR. NOVAK: We have just under 30 seconds left, Assistant Secretary Abrams. Just looking at this from the broad picture, do you think all this publicity, this hype, do you think this could yet turn around the question in Congress where the--although it's passed both houses--the hundred million dollars in aid would be denied to the contras?

MR. ABRAMS: No. People will try to do that, but the Intelligence Committees who know the facts know that there was no U.S. government role in this.

MR. EVANS: One last question. We only have two seconds left. Any new indications of fixed wing jet aircraft coming in soon to the Sandinistas from Cuba or the Soviet Union?

MR. ABRAMS: No.

MR. EVANS: Is it a high concern of yours?

MR. ABRAMS: It is a great concern. It always is. But we don't see it happening.

MR. EVANS: Thank you, Mr. Secretary Elliott Abrams. My partner and I, after these commercials, will be back with a comment.

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MR. EVANS: Bob, I don't know whether the Assistant

Secretary of State for Latin America has taken lessons on how to be cool under fire, couth under fire, but I gave him the worst pummeling I could. I really tried to get in there. Of course, you were rather aggressive yourself. We didn't get anywhere in bending him out of his position that the U.S. government in no way, shape or form had nothing, in anyway, guidance, organizational, orders, et cetera, to do with this unfortunate, this tragic case.

MR. NOVAK: You know, I've seen a lot of cover-ups in this town, Rowland, and we both may end up with egg on our face before this is over, and this is all an elaborate lie, but this doesn't look like a cover-up, and it doesn't because there is no equivocation. He says it didn't come from a U.S. military base. He says that these companies are not CIA companies. The so-called Max Gomez, the CIA operative, supposedly hired by the CIA or Vice President Bush, doesn't even exist. No, no, no, he says.

MR. EVANS: He makes a good point, too, Bob. He made the point if the U.S. Congress had acted on President Reagan's request for a hundred million dollars worth of military aid, a month ago, weeks ago, or even yesterday, this might not have happened in the way it did. But as he pointed out, the Congress has been sitting and twiddling its thumbs on this issue month after month after month. Now, it's supposed to pass, we hope, before they adjourn next week. We're not sure.

MR. NOVAK: Elliott Abrams wrestled with his conscience and won, and criticized Mr. Kalb, Bernard Kalb who resigned as Assistant Secretary of State for Public Information, on grounds of principle, and he was burned by that. He felt that Bernie Kalb was making him and the other people look like they didn't have any principle for staying on the job. And I think we got a little touch of reality there.

I'm Robert Novak.

MR. EVANS: I'm Rowland Evans.

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U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran, the key to a region of vital importance to the West, is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

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-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In 1985, a private American citizen (Michael Ledeen) was approached by a representative of the Israeli government (David Kimche), who reported that they had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based in large part upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, the U.S. established an indirect contact with the Iranian intermediary in mid-1985, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of state policy.

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesed in a single Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not specifically aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government. The single entire operation, to include delivery, arrangements, funding, and transportation. The total value of this shipment was less than $2 million and, therefore, below the threshold for required reporting of a military equipment transfer under the Arms Export Control Act.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to

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influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 [redacted] HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. By mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986. On December 6-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. In accord with extant statutes, the President directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted]) a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted]

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[redacted] At this meeting, the Iranians agreed that, if the USG would provide TOW weapons to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage and Koch) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

On February 19-21, U.S. and Iranian officials (NSC and CIA) met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

[redacted]

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The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn by Libyan authorities, in retaliation for the U.S. raid on Libya. [redacted]. The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death. [redacted]

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor. McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation ([redacted]) -> obtained from the CIA -- was used.

In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab A), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

EXHIBIT JMP-95A

18 Nov 86

- [illegible] should make sure that things turn out good for us
- We must be careful about the future in Tehran and Washington

- Casey Schmitt Bob Tarnowski (work) night:

1730- Call from Dave P:

- Kimche came to see him Wed
- told him we couldn't agree to Hyp. of
- Hosp. in Bethesda meeting (Monday) Reu
- When RR saw book Early Oct, Casey Kalte RR in Hospital
- Big issue then was legality
- Dec 4th - Ad to Judiciary Committee why in RR, Kalte, Casey resign. After Ford resig - But were then
- Jan 6 Judiciary is over before

EXHIBIT JMP-95A

EXHIBIT JMP-96

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(Maximum Version)

EXHIBIT JMP-96

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] met secretly with Bazargan at the request of the Iranians;

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] discussed normalization of relations.

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

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-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

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In short, the Soviets were far better positioned to improve significantly their influence in the region in 1985 when we were presented with an opportunity to open a dialogue with Iran. In deciding to exploit this opening, we evaluated previous efforts through more conventional channels which had not succeeded.

About two years ago, senior Iranian officials apparently decided that some accommodation with the U.S. was necessary. Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] However, internal splits and debates made it difficult for the Iranians to respond to these overtures.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in establishing contact in Iran or in seeking Iranian assistance in the release of our citizens held hostage in Lebanon. [redacted]

In 1985, a private American citizen (Michael Ledeen) was approached by a representative of the Israeli government (David Kimche), who reported that they had established a liaison relationship with an Iranian expatriate (Manuchehr Ghorbanifar) in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he (Ghorbanifar) indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based in large part upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, the U.S. established an indirect contact with the Iranian intermediary in mid-1985, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of state policy.

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In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter.

In July of 1985, the Israelis advised that they believed they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and that they had in the past provided Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, we believe that Israel continued to provide limited military and industrial technology to Iran -- even after they officially told us that such activities had ceased. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On August 22, 1985, a senior Israeli official (David Kimche) visited Washington and met with the National Security Advisor. The Israeli asked us to acquiesce in a single Israeli delivery of defensive military materiel to Tehran. He urged that we allow such an action to take place in order to gain increased influence in Tehran. Mr. McFarlane stated that the U.S. could in no way be construed as an "arms for hostages" deal and that there could be no guarantee that whatever items of U.S. origin Israel sent, could be replaced. We were subsequently informed that the Israelis had delivered 508 TOWs at the end of August. Though we were not specifically aware of the shipment at the time it was made we did make a subsequent decision not to expose this Israeli operation so that we would have the option of exploiting existing Israeli channels with Tehran in our own effort to establish an American strategic dialogue with the Iranian government. The Israelis managed this entire operation, to include delivery, arrangements, funding, and transportation. The total value of this shipment was less than $2 million and, therefore, below the threshold for required reporting of a military equipment transfer under the [redacted] Export Control Act.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

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On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 [redacted] HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986. On December 6-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.

- Ending the Iran-Iraq War on honorable terms.

- Convincing Iran to cease its support for terrorism and radical subversion.

- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On December 14, the President met in the residence with the Secretaries of State and Defense, the Attorney General, the Director of Central Intelligence and the National Security Advisor to review the findings of Mr. McFarlane's meetings in London, the situation in Iran and the prospects for a strategic dialogue. At this meeting he decided that we should attempt to keep the Israeli channel open as long as it offered possibilities for meetings with high-level Iranian officials.

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On January 1, the Prime Minister of Israel dispatched a special emissary to the U.S. (Amiram Nir) to review proposals for next steps in dealing with Iran. In that implementation of the Israeli proposals would require the active participation of the intelligence community, the NSC Staff (North) was tasked to prepare a covert action finding. Work on this Presidential finding convened on January 5 and the document was forwarded to the President on January 15 after it had been reviewed by appropriate NSC officials.

[redacted]

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above (Tab A). In accord with extant statutes, the President directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [redacted]), a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in Germany. At this meeting, the Iranians agreed that, if the USG would provide defensive weapons (TOWs) to Iran, they would, in turn, provide same to the Afghan Mujahideen. The U.S. side agreed to explore this possibility and, working with the Israelis, established the following mechanism for transfer of the weapons:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The Israelis would transfer funds to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran.

Using the procedures stipulated above, funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. These TOWs were transferred by CIA from DOD (U.S. Army stocks in

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Anniston, Alabama) and transported through [redacted] using standard CIA-DOD [redacted] logistics arrangements. Policy-level coordination for these arrangements was effected by NSC (North) with DOD (Armitage) and CIA (Clair George). The TOWs were placed in a covert Israeli facility awaiting onward shipment.

On February 19-21, U.S. (NSC and CIA), Israeli and Iranian officials met in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

[redacted]

On February 28, the Prime Minister of Israel wrote to President Reagan (Tab B) urging continued efforts to achieve a strategic breakthrough with Iran, but asking consideration for the safety of recently seized Israeli hostages.

On March 7, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

The escalation of tensions with Libya, leading up to the April 14 strike, prevented further dialogue from taking place until the Iranians urged the intermediary (Ghorbanifar) to accelerate the effort in late April, 1986. At that point, the Iranian expatriate advised us through the Israeli point-of-contact that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the April 17 murder of hostage Peter Kilburn by Libyan authorities, in retaliation for the U.S. raid on Libya.

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[redacted]

The Iranian expatriate told the NSC and CIA officers, who met with him in Europe at the end of April, that the Iranians did not wish to be accused of any culpability in Kilburn's death.

[redacted]

On May 6, 7, 1986, U.S. and Israeli officers met in London with the Iranian intermediary in which he urged that we take immediate steps to arrange for a high-level U.S./Iranian meeting in Tehran. During the London meeting, the Iranian urged that we (U.S. and Israel) take immediate steps to help with Iranian air defense. He emphasized that the Iraqi Air Force was increasingly effective of late and that the Iranians were desperate to stop attacks on population centers. The Israelis also used this opportunity to privately ask the U.S. to replace the 508 TOWs which they had sent to Iran in August, 1985. The Israelis were informed via coded message on May 15 that the U.S. had agreed to the Iranian request for limited anti-air defense equipment and to replenish. the 508 TOWs sent by Israel.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, CIA communicators, members of the NSC staff, and the Israeli and Iranian interlocutors.

On May 16, the Iranians, through the Israelis provided $6.5M for deposit in the CIA secure funding mechanism. The funds were used to acquire 508 TOW missiles (for replenishing the TOWs Israel shipped in September 1986) and acquiring HAWK missile spare parts. This material was subsequently moved to [redacted] repackaged and shipped to Kelly AFB for onward movement to Israel on May 22. As in the February shipment, the CIA provided logistics support for the movement of this materiel to Israel.

In order to ensure operational security, the McFarlane trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare electronic parts). At the specific request of the Iranians, alias foreign documentation [redacted] -- obtained from the CIA -- was used. CIA also provided covert transportation support from CONUS to Israel for the McFarlane party. The group was transported from Israel to Tehran aboard an Israeli Air Force 707 with false flag markings.

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In the course of the four-day (May 25-29) visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference (Tab B), which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

During these meetings, both sides used the opportunity to detail the obstacles to implementing a strategic relationship between the two countries. In addition to the points noted above, Mr. McFarlane emphasized the political problems caused by Iranian involvement in the hostage issue. The Iranians objected to the USG embargo on U.S. military supplies already paid for plus the continued USG blocking of Iranian assets in the U.S., even after U.S. courts had ruled in their favor. During the course of these meetings, the Iranian officials admitted that they could not win the war, but were in a dilemma in Tehran over how to end the conflict given the need to present an Iranian "victory" before it could be concluded. They emphasized that the original aggressor, Saddam Hussein, must be removed from power in order for the war to end. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed with further discussions in light of their unwillingness to exert the full weight of their influence to cause the release of the Western hostages in Lebanon.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

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On August 3, the remaining three pallets (less than ¼ planeload) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the delivery was based on coordination among U.S., Israeli and Iranian officials.

In early August 1986, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with [redacted] relative [redacted] of a senior Iranian official (Rafsanjani). With the assistance of the CIA, this Iranian [redacted] was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. The intelligence also detailed the Soviet threat to Iran.

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new and Iranian contacts. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a pre-requisite to any progress. The Iranian [redacted] urged that we take a more active role in support for the Afghan resistance and suggested again that, if we could provide additional TOW weapons to Iran, they would train and equip more Afghan resistance fighters with these weapons. The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] At this meeting [redacted] stated that there was a "very good chance that another American or two would be freed soon." On October 29, with U.S. acquiscence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles).

Late on October 31 [redacted] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of an American -- David Jacobsen -- and an uncertain number of French hostages. He further noted that this would be

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part of the purpose of the Iranian Foreign Minister's visit to Syria -- an event we became aware of on November 1, 1986. [redacted] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating [redacted] On November 2, David Jacobsen was released by his captors near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to West Beirut to pick up Mr. Jacobsen.

It is now apparent that persistent U.S. efforts to establish contact with Iran and subsequent public speculation regarding these contacts have probably exacerbated the power struggle in Iran between pragmatic elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the [redacted] and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a purposely distorted version of the May 1986 McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders apparently now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The October 1986 arrest of radical leader Mehdi Hashemi, a close confidant and son in-law of Ayatollah Montezari, for acts of terrorism and treason has caused further internal conflict.

Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements. [redacted]

On November 7, the day after a meeting with U.S. officials, Iranian government authorities arrested six other individuals

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involved in radical activities. Among the two were senior military officers and a Majlis deputy (Ahmad Kashani), the grandson of Ayatollah Kashani, a conspirator in the 1949 attempt against the Shah. Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted]

Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapprochment with Iran we are seeking.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only two shipments from Israel to Iran. Specifically,

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986,

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7,

-- The November 1985 shipment of 8 Israeli HAWK missiles was not an authorized exception to policy. This shipment was eventually retrieved in February 1986 as a consequence of U.S. intervention.

[redacted]

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In support of this Finding and at the direction of the President, the CIA provided the following operational assistance:

-- Sterile overseas bank accounts for financial transactions.

-- A secure transhipment point for the dispatch of U.S. military items from the U.S.

-- Transhipment of military items from the U.S. to Israel.

-- Communications and intelligence support for the meetings with Iranian officials and the McFarlane trip to Tehran in May.

-- Cleared meeting sites in Europe for meetings with Iranian officials.

-- Alias documentation for U.S. and foreign officials for meetings in Europe and Tehran.

The weapons and materiel provided under this program were judged to be inadequate to alter either the balance of military power or the outcome of the war with Iraq. They have, however, demonstrated the U.S. commitment to Iranian territorial integrity and served to support those in Iran interested in opening a strategic relationship with the U.S. They have also furthered U.S. efforts over the last 18 months have had tangible results on Iranian policy:

-- The Rafsanjani/Velayati intervention on behalf of the TWA #847 passengers (June 1985).

-- Iranian direction that the hijacked Pan Am #73 would not be received in Iranian territory if it left Karachi.

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-- The release of three American and at least two French hostages.

-- The initiation of an Iranian dialogue with their regional neighbors.

-- The Iranian "final offensive."

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Finally, it must also be noted that the U.S. arms embargo notwithstanding, West European nations have provided $500 million a year in military equipment to Iran. Most of these transfers were accomplished with government knowledge and/or acquiescence.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

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25 Nov 86

DCI's Iran Testimony for HPSCI and SSCI
21 November 1986

N 10007

Throughout the Reagan Administration, both the national security community and the intelligence community have been keenly aware and constantly concerned about the geopolitical position and the strategic significance of Iran. Much thought and effort has been devoted to how we might develop contacts and relationships which would provide a better understanding of what is happening there and establish contacts and relationships which might lead to improved relationships later on.

I recall speaking to [redacted] about the importance of our identifying and establishing contact with leaders in a future Iran. [redacted] said that we do not know who will emerge to lead Iran in the future, but that we must gather all the strands and hold them in our hands so that we will be ready. [redacted]

In the early fall of 1985, Bud McFarlane, after one of the weekly meetings which he and his deputy had with me and my deputy, asked me to stay behind. He told me about discussions he had had at the highest levels in Israel urging the desirability of discussions with officials in Iran and offering channels of access. He told me that, for obvious reasons, only a handful of people in the Israeli and American governments were to be told about this effort. I distinctly recall McFarlane emphasizing that the purpose of such discussions would be the future relationships with Iran and Iran's great importance in the East-West and Middle East-Persian Gulf equation.

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Partially Declassified/Released on 9 June 1987
under provisions of E.O. 12356
by S. Rager, National Security Council

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CIA's involvement began when the Agency was asked to recommend a reliable airline that could transport bulky oil-drilling parts to an unspecified destination in the Middle East. We recommended a proprietary of ours called [redacted] This little airline regularly took on commercial ventures. Neither the arline nor CIA knew the cargo consisted of 18 Hawk missiles.[4] When the plane got to Tel Aviv, the pilots were told the cargo was spare parts for the oil fields and was to go into Tabriz. Our [redacted] decided that in order to protect the plane, [redacted] should be asked to get flight clearances into Iran. On 25 November 1985, the plane dropped the cargo in Tehran. To the best of our knowledge, neither the Israelis nor the Iranians knew that they were dealing with a CIA proprietary, nor did airline personnel know what they were carrying. The airline was paid the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. [redacted]

Our Associate Deputy Director for Operations authorized the flight because of the alleged urgency of the requirement. When the Deputy Director was consulted on 25 November, it was decided that we would not provide any future support of flights into Iran in the absence of a finding.

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In the meantime, the Israeli proposal of probing the possibility of discussions with Iranian officials, including making small shipments of arms to establish our good faith and to induce them to use their influence with those holding our hostages, was discussed at one or two meetings of the NSPG principals. There were differences of view about the desirability of this policy, but it was finally decided that it should be cautiously pursued.

On 7 December 1985, Bud McFarlane, then National Security Advisor, met in London with Israeli officials and the Iranian expatriate who was their intermediary to the Iranian government. At this meeting, Mr. McFarlane stated our goals of pursuing the relationship with Iran were these:

-- Devising a formula for reestablishing a strategic relationship with Tehran.

-- Ending the Iran-Iraq War on honorable terms.

-- Convincing Iran to cease its support for terrorism.

-- Helping ensure the territorial integrity of Iran and coordinating ways to counter Soviet activities in the region.

Mr. McFarlane made clear that in this relationship we would expect Iran to use its influence to achieve the release of Western hostages in Lebanon. He also made it clear that we could not and would not engage in trading arms for hostages. This matter was discussed again several times with the President and others in the national security community following the December McFarlane trip.

On 17 January 1986, a Presidential Finding was signed directing the CIA to provide operational and logistical support for a program aimed at (1) establishing a more moderate government in Iran, (2) obtaining intelligence to determine the current Iranian government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of American hostages held in Beirut and preventing further terrorist acts by these groups.

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The Finding stated that the USG would provide moderate elements within and without the government of Iran with arms equipment and related material in order to enhance the credibility of these elements in their efforts to achieve a more moderate government in Iran by demonstrating their ability to obtain resources to defend their country.

In the Finding, the President directed the CIA to refrain from reporting the Finding to the Congress until otherwise directed. The Finding was reviewed and concurred in by the Attorney General.

At the time the Presidential Finding was being drafted, the CIA's Office of General Counsel provided the legal opinion that the President has the authority to withhold prior notice of operations from the Congress. Section 501 of the National Security Act expressly provides that notification of intelligence activities to the Congress shall be provided "to the extent consistent with all applicable authorities and duties, including those conferred by the Constitution."

The Act also states that the Intelligence Committees be informed of activities for which no prior notice was given at the appropriate time as determined by the President. This was a clear recognition that extraordinary circumstances could lead the President to conclude that notice of an operation should be withheld, in whole or in part.

The history to the Oversight Act shows that an accommodation recognizing both the President's constitutional responsibility and authority and the Congressional oversight responsibility and authority was reached in this legislative process. The subsequent procedures agreed upon by the DCI and the SSCI on reporting covert action operations provide that advance reporting of such operations would also be subject to the exceptional circumstances contemplated in Section 501 of the National Security Act.

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The President has instructed me to advise you that he determined that the activities authorized by the Finding justified withholding prior notification due to the extreme sensitivity of the dialogue being established. He determined that if the fact of this program became known, those carrying out the dialogue (both U.S. and Iranian) and the American hostages in Lebanon would be put at a greater risk.

There have only been two Findings since the inception of the oversight process ten years ago which have not been briefed to Congress. This is one. The second was the Iranian hostage rescue mission.

Now I would like to explain exactly what activities were undertaken by the CIA in carrying out the directives of this Finding signed on 17 January 1986.

On 5-7 February 1986, U.S. officials (NSC), a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [redacted] met in Germany. At this meeting, the U.S. side emphasized its desire to enter into a strategic dialogue with the Iranian side. The Iranians raised their desire to receive U.S. weapons. The U.S. agreed to explore this possibility. Working with the Israelis, the following mechanism for transfer of the weapons was established:

-- The Iranian intermediary (Ghorbanifar) would deposit funds in an Israeli account.

-- The funds would then be transferred to a sterile U.S.-controlled account in an overseas bank.

-- Using these funds, the CIA would work with the Army Logistics Command to obtain the material.

-- The material would then be transported to Israel for future shipment to Iran.

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Using these procedures, $3.7 million was deposited in the CIA account in Geneva on 11 February 1986 for the purchase of 1,000 TOW missiles and associated costs.

On 15 February, Office of Logistics personnel delivered the 1,000 TOW missiles to Kelly Air Force Base. The missiles were then transported to Israel for onward shipment to Iran. CIA was not involved in the transportation of this shipment.

On 19-21 February, U.S. (NSC and CIA) and Iranian officials met again in Germany to discuss problems in arranging a meeting among higher-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity and support for the faction we were talking to. This delivery was commenced on the morning of 20 February and completed in two transits to Tehran on 21 February. Transportation from Israel to Iran was aboard a false flag Israeli aircraft.

On 24 February, the same U.S. officials traveled to Germany where they met with the intermediary and an Iranian government official. At that meeting, the Iranian official provided a list of varying quantities of approximately 240 different spare parts needed for the Hawk missile batteries provided by the USG to Iran during the Shah's reign. The Iranian official asked for USG assistance in obtaining these spare parts as additional proof that this channel had the approval of the highest authority in the USG.

On 25 February, the U.S. officials, as they continued to do in later contacts with the Iranians, provided the Iranians with limited information designed to encourage an Iranian decision to negotiate an end to the war and increase Iranian awareness of the Soviet threat to Iran.

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Throughout March and April, the Office of Logistics worked with DoD to clarify the items on the Iranians' list of spare parts and identify which items were in DoD stocks.

On 7 March, U.S. (CIA and NSC) and Israeli representatives met with the Iranian intermediary in Paris to determine whether any further progress was possible in arranging for a high-level meeting with U.S. and Iranian officials. During these meetings, the intermediary emphasized the deteriorating economic situation in Iran and Iranian anxieties regarding increasing Iraqi military effectiveness.

Based on assurances that we could at last meet face-to-face with top-level Iranian officials, on 15 May the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA annuitant, a CIA communicator, members of the NSC Staff, and the Israeli and Iranian interlocuters.

On 16 May 1986, the Iranians provided $6.5 million through an intermediary for Hawk spare parts and an additional 508 TOW missiles. The receipt of the Iranian funds set into motion arrangements for the planned visit to Iran as follows:

-- The Office of Communications provided secure communication equipment and the services of a communications officer to travel to Iran with the U.S. team

-- The Office of Technical Service was tasked to provide ten [redacted] passports for use by the team and the air crew of the aircraft that would fly from Israel to Tehran. The Iranians insisted on the use of non-U.S. passports [redacted] passports were chosen because the Israeli aircraft used for the journey carried [redacted] registration numbers.

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-- The Office of Logistics assembled the available Hawk missile spare parts at Kelly Air Force Base. The parts were then transported to Israel by a private contractor (Southern Air Transport).

-- The Office of Logistics delivered 508 TOW missiles to Kelly Air Force Base for onward shipment to Israel by private contractor (Southern Air Transport).

On 25 May, the U.S. team traveled to Tehran via Israel. The CIA provided two members of the team--a communications officer and a Farsi speaking annuitant with considerable experience in Iranian affairs. The annuitant provided translation services and advice to the team. He continued to be involved in subsequent meetings with Iranian representatives.

The U.S. team brought a single aircraft pallet of Hawk missile spare parts with them to Tehran at the time of the meeting. However, it was decided that the greater portion of the spare parts would stay in Israel for later delivery to Iran pending further progress in establishing the dialogue. We understand that those spare parts were ultimately delivered to Iran.

The 25-29 May meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a continuing relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first-hand the internal political dynamic in Tehran and the effect of the war on Iran. Using Presidentially-approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

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-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest [redacted] through dialogue.

On 19 September, three Iranians traveled to the U.S. for detailed discussions with the U.S. team. These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran.

Throughout August and September, numerous additional meetings were held in Europe between U.S. representatives and the new Iranian contacts in an effort to develop the dialogue authorized by the Presidential Finding.

On 6 October, these Iranians traveled to Frankfurt for meetings with the U.S. team. [redacted]

On 26 October, more meetings were held in Frankfurt with the same participants. [redacted]

The Iranians proffered, and the U.S. accepted, the offer of a Soviet T-72 tank [redacted] That tank should be in our hands shortly.

On 2 November, the Iranians provided $2.037 million and the Office of Logistics procured 500 more TOW missiles from DoD.

Those missiles were delivered by the Office of Logistics to Kelly Air Force Base on 6 November. A USAF C-141 aircraft carried the missiles to [redacted] where they were transshipped by a CIA air proprietary aircraft which carried the missiles to Israel.

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This brings the record of CIA involvement in these activities authorized by the 17 January 1986 Presidential Finding up to date as of the present time. We should note that none of the weapons came from CIA stocks.

We have received no requests to acquire any more material of any type for shipment to Iran under this program.

I would like to reiterate that the funds for the procurement of the material enumerated above, as well as for all associated costs, were provided by the Iranians themselves. Funding from Iran was transferred to CIA for deposit in a covert funding mechanism. This action provided secure means for control, payment, and accountability of all funding associated with this program. The Iranian funds, a total of $12,237,000, were deposited into a special account in a Swiss bank.

The only costs incurred by the CIA in this activity were expenses for the travel of CIA officers involved in the various meetings, the costs of hotel rooms [redacted] operational support amounting to approximately $48,000. The costs for this support have been charged against normal operational accounts. Since all travel by CIA officials is routinely charged to such accounts, to do otherwise in the case of the trips undertaken during this program would have compromised the security of the activities.

Let me make it perfectly clear that it was apparent to all that this initiative was a controversial one. Even those of us who supported going forward understood that it was a close call and a risky operation. There were no illusions.

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Was it a reasonable call? Yes, I think it was. As the health of Khomeini has declined over the past year, we have seen an increase in factional infighting in Tehran. This infighting has been sharpened by severe economic problems, as well as the war with Iraq. There have been numerous arrests. This factional infighting has implications for both the United States and the Soviet Union. It was the Administration's judgment that any powerful Iranian faction seeking to reestablish ties with the west and willing to attempt to curtail Iranian support for terrorism was worth talking to.

It was in that context that the judgment was made that providing a small amount of defensive weapons would give this faction some leverage in the internal struggle by suggesting that there were advantages in contacts with the West.

As I stated earlier, Iran is not going to go away. Its geographic and strategic positions guarantee that it will remain a geopolitical force which the U.S. will have to deal with. If we do not establish ties to the various Iranian factions now we will be faced with the problem of doing so later. It is that simple.

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EXHIBIT JMP-98

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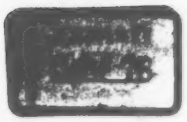

SUBJECT: CIA Airline Involvement

In late November 1985, a CIA proprietary airline was chartered to carry cargo to Iran at the NSC's request. The cargo was described to us as oil drilling spare parts. Although we did not know it at the time, the cargo was actually 18 Hawk missles. The chronolgy of the incident is as follows:

On 22 November 1985, the NSC contacted the Agency with an urgent request ~~for the name of~~ a discreet, reliable airline that could transport bulky oil-drilling parts to an unspecified destination in the Middle East.

We offered the name of the CIA's proprietary airline as a company which could handle the NSC request. The NSC passed the name of our airline to ~~their intermediary with the Iranians.~~ the Israelis.

In the interim, we contacted our airline and told them that they would be receiving an urgent, legitimate charter request. The NSC intermediary contacted the airline that evening (22 November) and made arrangements for the airline to pick-up the parts [redacted] operated by this proprietary

The destination was changed to Tel Aviv and two ~~of the airline's~~ Boeing 707's arrived in Tel Aviv 23 November. The cargo was ultimately loaded onto only one of the aircraft. Loading was completed by 24 November and the aircraft proceeded to Iran via a stop at [redacted] and then overflying [redacted] At the NSC's request, and for the protection of our aircraft, we helped arrange for the overflight clearances.

To the best of our knowledge, ~~the intermediary did not know~~ neither Israelis nor the Iranians knew that ~~they~~ was dealing with a CIA proprietary, nor did airline personnel know what they were carrying. ~~No one in the U.S. did not find~~ out that our airline had hauled Hawk missles into Iran until mid-January when we were told by the Iranians. by the Israelis

The airline was paid the normal commercial rate which amounted to approximately $127,700. I should stress that the airline does a considerable amount of normal business in addition to its support to CIA. It had, in fact, made another unrelated ~~legitimate~~ flight into Tehran carrying commercial items prior to the 22-25 November incident.

Senior CIA management found out about the flight on 25 ~~February~~ November. Although we did not know the nature of the cargo, we thought that any future support of this type to the NSC would require a Finding.

UNCLASSIFIED 22 June 1987

(1262a)

EXHIBIT JMP-99

Week Ending November 23

THURSDAY, NOVEMBER 20	FRIDAY, NOVEMBER 21	SATURDAY, NOVEMBER 22
7	7	7
7:15	7:15	7:15
7:30 - USSR CSM	7:30 LC CDSII	7:30
7:45	7:45 JMP USSR PBC	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9 JMP USSR SSCI	9
9:15	9:15 SCI Hearing	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10 LC - [redacted]	10	10
10:15 USSR	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11 ... Hearing	11
11:15	11:15	11:15
11:30	11:30 RCM - Leader-GAN	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
12:30	12:30	12:30
12:45	12:45	12:45
1	1	1
1:15	1:15	1:15
1:30 - [redacted] Lunch	1:30 - JMP	1:30
1:45	1:45	1:45
2	2	2
2:15	2:15	2:15
2:30	2:30	2:30
2:45	2:45	2:45
3 - DSI - LIC & Dem	3 - ... 3 Pres - STRAT	3
3:15 Pres-Bush Team	3:15	3:15
3:30 Micelli-NG - Powell	3:30 - Micheli Leader	3:30
3:45	3:45	3:45
4 - BIG Business	4 - Steve Eagle	4
4:15	4:15 LEAD Suite 1020/ID	4:15
4:30	4:30 Farewell Party	4:30
4:45	4:45 Rich Miller	4:45
5	5	SUNDAY, NOVEMBER 23
5:15	5:15	
5:30 - Rica Miller	5:30 - Tom Boland	
5:45	5:45	
6 - Buchanan	6	
6:15	6:15	
6:30	6:30	
6:45	6:45	
7	7	
7:15	7:15	
7:30	7:30	
7:45	7:45	

EXHIBIT JMP-99

[illegible] Schedule

Wednesday, Nov 19

UNCLASSIFIED

0815- HAIG [illegible]
Spitz & Garwood

1000- Father Tom Dowling

[illegible]

1600- JMP Mtg w/Gates-
Clair George-
CIA employee [redacted]
(DCI Preparation)

[illegible]

Friday, Nov

0730- NO ODSM

0[illegible]0- JMP in WH

0900- JMP in WH

[illegible]

1330 - JMP

1415 Pucha

1500- H.B. Day

1530 - Michae

1600- Steve Cho
Farewell

[illegible]

[illegible]

Oliver North's Sc

MONDAY, 17 NOVEMBER

Tuesday, Nov

0730- ODSM WHSR

[illegible]

1000 - Father Dowling w/
Rich Miller

[illegible]

1200 - Lunch w/McDaniel,
Sommer & Mayor
of Barcelona
WH MESS

MAYOR Pasqual Naragall

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EXHIBIT JMP-99A

UNCLASSIFIED

DATE	TIME	DESCRIPTION
11 15/85	5:16	Accepted call from his Minister
	7:17	Admiral Poindexter (7:41)
	8:38	Ollie North (8:45)
11.16 85	7:59	Defense Secretary Weinberger (8:02)
	8:09	Departed for So Lawn with Poindexter to board Marine One for trip to Geneva, Switzerland
11 27 85	12:40[p]m	Took secure call from Admiral Poindexter ([12:40])
11.30.85	9:40am	To the President's Ranch
	12:30pm	Called Vice President Bush (12:35)
12.2 85	8:56pm	RCM arrived in office from Santa Barbara, CA. Seattle trip w/President
12 3.85	7:55	VP's Office - OEOB
	8:50	Adm John Poindexter
	10:10	Called Secy Shultz on PL
	10:30	DOP Congressional Leadership w Secy Shultz - list attached (11:40)
	11:40	P/NSB w/Adm Poindexter (12:00)
	12:05	Ret'd Director Casey's call on secure
	12:30	Secy Shultz (12:50)
	1:22	Adm Poindexter (1:40)
	4:58	Adm Poindexter (5:04)
	6:43	Secy Shultz ret'd RCM's call
	6:20	Adm Poindexter (6:28)
	6:54	Adm Poindexter (6:55)
12/4/85	8:00	DOM (8:35)
	9:02	Called Secy Shultz on PL
	10:06	CIA Dir Wm Casey called secure

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DATE	TIME	DESCRIPTION
12.4.85	10:12	To See Vice President Bush (10:30)
	11:45	Dir Casey (12:25)
	12:00	Called Bill Martin
	12:25	Paul Thompson (12:26)
	1:30	P/Secy Shultz (1:55)
	2:25	To Oval Office, then to Press Briefing in WH Press Room (2:50)
	4:10	Adm John Poindexter
	6:10	Departed w/Ollie North for Reception at Palm Restaurant Hosted by Neil Livingstone (7:10)
12.5.85	9:30	P/NSB w/Adm John Poindexter (10:05)
	10:40	To See the President (1:05)
	3:55	Called Ross Perot
12.6.85	9:15	To See Adm John Poindexter
	10:10	Adm Poindexter
	12:00	To Lunch w/Secy Shultz at State (1:25)
	2:25	Adm Poindexter
	2:35	Michael Ledeen (3:00)
	3:55	The Vice President (4:25)
12.[illegible].85	9:45	JMP (9:50)
	9:55	Secretary Weinberger with JMP (9:56)
	9:56	To Residence with Secretary Weinberger and Poindexter for private meeting with the President and Sec Shultz, John McMahon, CIA, and Don Regan
	12:00	Returned to office with Poindexter (12:05)
	12:21	Don Regan (12:30)
	12:45	Returned Don Regan's dropby call
	12:50	Ron Lehman

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EXHIBIT JMP-100

E. The Reagan Model

President Reagan entered office with a strong commitment to cabinet government. His principal advisors on national security affairs were to be the Secretaries of State and Defense, and to a lesser extent the Director of Central Intelligence. The position of the National Security Advisor was initially downgraded in both status and access to the President. Over the next six years, five different people held that position.

The Administration's first National Security Advisor, Richard Allen, reported to the President through the senior White House staff. Consequently, the NSC staff assumed a reduced role. Mr. Allen believed that the Secretary of State had primacy in the field of foreign policy. He viewed the job of the National Security Advisor as that of a policy coordinator.

President Reagan initially declared that the National Security Council would be the principal forum for consideration of national security issues. To support the work of the Council, President Reagan established an interagency committee system headed by three Senior Interagency Groups (or "SIGs"), one each for foreign policy, defense policy, and intelligence. They were chaired by the Secretary of State, the Secretary of Defense, and the Director of Central Intelligence, respectively.

Over time, the Administration's original conception of the role of the National Security Advisor changed. William Clark, who succeeded Richard Allen in 1982, was a long-time associate of the President and dealt directly with him. Robert McFarlane, who replaced Judge Clark in 1983, although personally less close to the President, continued to have direct access to him. The same was true for VADM John Poindexter, who was appointed to the position in December, 1985.

President Reagan appointed several additional members to his National Security Council and allowed staff attendance at meetings. The resultant size of the meetings led the President to turn increasingly to a smaller group (called the National Security Planning Group or "NSPG"). Attendance at its meetings was more restricted but included the statutory principals of the NSC. The NSPG was supported by the SIGs, and new SIGs were occasionally created to deal with particular issues. These were frequently chaired by the National Security Advisor. But generally the SIGs and many of the subsidiary groups (called Interagency Groups or "IGs") fell into disuse.

As a supplement to the normal NSC process the Reagan Administration adopted comprehensive procedures for covert actions. These are contained in a classified document, NSDD 159, establishing the process for deciding, implementing, monitoring, and reviewing covert activities.

F. The Problem of Covert Operations

Covert activities place a great strain on the process of decision in a free society. Disclosure of even the existence of the operation could threaten its effectiveness and risk embarrassment to the Government. As a result, there is strong pressure to withhold information, to limit knowledge of the operation to a minimum number of people.

These pressures come into play with great force when covert activities are undertaken in an effort to obtain the release of U.S. citizens held hostage abroad. Because of the legitimate human concern all Presidents have felt over the fate of such hostages, our national pride as a powerful country with a tradition of protecting its citizens abroad, and the great attention paid by the news media to hostage situations, the pressures on any President to take action to free hostages are enormous. Frequently to be effective, this action must necessarily be covert. Disclosure would directly threaten the lives of the hostages as well as those willing to contemplate their release.

Since covert arms sales to Iran played such a central role in the creation of this Board, it has focused its attention in large measure on the role of the NSC staff where covert activity is involved. This is not to denigrate, however, the importance of other decisions taken by the government. In those areas as well the National Security Council and its staff play a critical role. But in many respects the best test of a system is its performance under stress. The conditions of greatest stress are often found in the crucible of covert activities.

Tower Report at page II-5 on NSDD-159

EXHIBIT JMP-101

UNCLASSIFIED

Extract from NSDD 159

NSDD 159

Dated: January 18, 1985

Subject: COVERT ACTION POLICY APPROVAL AND COORDINATION PROCEDURES

Approval Procedures for Intelligence

1. Presidential Findings. The President shall approve all covert action Findings in writing. Under Section 662 of the Foreign Assistance Act of 1961, as amended, all covert actions undertaken by the Central Intelligence Agency must be authorized by a Presidential Finding that each such operation is important to US national security. E.O. 12333 and this Directive establish that covert actions (intelligence "special activities") undertaken by components other than CIA also require a Presidential Finding. Each covert action is also considered a significant anticipated intelligence activity under Section 501 of the National Security Act and is subject to certain Congressional reporting procedures. The Congressional reporting procedures for significant intelligence activities apply to all agencies of the intelligence community. Findings shall remain valid until formally cancelled.

2. In accordance with Executive Order 12333, the Central Intelligence Agency shall conduct covert actions unless the President specifically designates another agency of the government. When the provision of substantial support by one government component to another is essential to the conduct of a covert action, indication of the extent and nature of that support shall be included in part of the Finding or Memorandum of Notification. However, the provision of routine support in the form of personnel, funds, equipment, supplies, transportation, training, logistics, and facilities by Government components other than CIA to support a covert action shall not in itself be considered a separate covert action by the supplying agency.

1048

Partially Declassified/Released on 5 June 1987
under provisions of E.O. 12356
by D. Rogers, National Security Council

EXHIBIT JMP 101

UNCLASSIFIED

EXHIBIT JMP-102

865

§ 401 TITLE 50—WAR AND NATIONAL DEFENSE Page 44

United States, and as President of the United States, it is hereby ordered as follows:

Section 1. Information and material obtained pursuant to the International Energy Program and which requires protection against unauthorized disclosure in the interest of the national defense or foreign relations of the United States shall be classified pursuant to Executive Order No. 11652 of March 8, 1972, as amended (formerly set out above). The Secretary of State shall have the responsibility for the classification, declassification and safeguarding of information and material in the possession of the United States Government which has been obtained pursuant to

(a) Section 252(e)(3), (d)(2), or (e)(3) of the Energy Policy and Conservation Act (89 Stat. 871; 42 U.S.C. 6272(e)(3), (d)(2), (e)(3)), or

(b) The Voluntary Agreement and Program relating to the International Energy Program (40 F.R. 16041, April 8, 1975), or

(c) Any similar Voluntary Agreement and Program entered into under the Energy Policy and Conservation Act (42 U.S.C. 6201 et seq.) after the date of this Order.

Sec. 2. Information or material classified pursuant to Section 1 of this Order may be exempted from the General Declassification Schedule established by Section 5 of Executive Order No. 11652 (formerly set out above) if it was obtained by the United States on the understanding that it be kept in confidence, or if it might otherwise be exempted under Section 5(B) of such Order.

Sec. 3. (a) Within 60 days of the date of this Order, the Secretary of State shall promulgate regulations which implement his responsibilities under this Order.

(b) The directives issued under Section 6 of Executive Order No. 11652 (formerly set out above) shall not apply to information and material classified under this Order. However, the regulations promulgated by the Secretary of State shall

(1) conform, to the extent practicable, to the policies set forth in Section 6 of Executive Order No. 11652 (formerly set out above), and

(2) provide that he may take such measures as he deems necessary and appropriate to ensure the confidentiality of any information and material classified under this Order that may remain in the custody or control of any person outside the United States Government.

GERALD R. FORD.

EXECUTIVE ORDER NO. 12030

Ex. Ord. No. 12030, Jan. 24, 1978, 43 F.R. 3674, as amended by Ex. Ord. No. 12130, May 23, 1979, 44 F.R. 30311, which related to United States foreign intelligence activities, was revoked by Ex. Ord. No. 12333, Dec. 4, 1981, 46 F.R. 59941, set out below.

EXECUTIVE ORDER NO. 12065

Ex. Ord. No. 12065, June 28, 1978, 43 F.R. 28949, as amended by Ex. Ord. No. 12148, July 20, 1979, 44 F.R. 43239, Ex. Ord. No. 12163, Sept. 29, 1979, 44 F.R. 56673, which related to classification and declassification of national security information and material, was revoked by Ex. Ord. No. 12356, Apr. 2, 1982, 47 F.R. 14874, 15557, set out as a note below.

Ex. Ord. No. 12333, United States Intelligence Activities

Ex. Ord. No. 12333, Dec. 4, 1981, 46 F.R. 59941, provided:

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Timely and accurate information about the activities, capabilities, plans, and intentions of foreign powers, organizations, and persons, and their agents, is essential to the national security of the United States. All reasonable and lawful means must be used to ensure that the United States will receive the best intelligence available. For that purpose, by virtue of the authority vested in me by the Constitution and statutes of the United States of America, including the National Security Act of 1947, as amended (see Short Title note above), and as President of the United States of America, in order to provide for the effective conduct of United States intelligence activities and the protection of constitutional rights, it is hereby ordered as follows:

PART 1—GOALS, DIRECTION, DUTIES AND RESPONSIBILITIES WITH RESPECT TO THE NATIONAL INTELLIGENCE EFFORT

1.1 GOALS

The United States intelligence effort shall provide the President and the National Security Council with the necessary information on which to base decisions concerning the conduct and development of foreign, defense and economic policy, and the protection of United States national interests from foreign security threats. All departments and agencies shall cooperate fully to fulfill this goal.

(a) Maximum emphasis should be given to fostering analytical competition among appropriate elements of the Intelligence Community.

(b) All means, consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, shall be used to develop intelligence information for the President and the National Security Council. A balanced approach between technical collection efforts and other means should be maintained and encouraged.

(c) Special emphasis should be given to detecting and countering espionage and other threats and activities directed by foreign intelligence services against the United States Government, or United States corporations, establishments, or persons.

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(d) To the greatest extent possible consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, all agencies and departments should seek to ensure full and free exchange of information in order to derive maximum benefit from the United States intelligence effort.

1.2 THE NATIONAL SECURITY COUNCIL

(a) *Purpose.* The National Security Council (NSC) was established by the National Security Act of 1947 (see Short Title note above) to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs.

(b) *Committees.* The NSC shall establish such committees as may be necessary to carry out its functions and responsibilities under this Order. The NSC, or a committee established by it, shall consider and submit to the President a policy recommendation, including all dissents, on each special activity and shall review proposals for other sensitive intelligence operations.

1.3 NATIONAL FOREIGN INTELLIGENCE ADVISORY GROUPS

(a) *Establishment and Duties.* The Director of Central Intelligence shall establish such boards, councils, or groups as required for the purpose of obtaining advice from within the Intelligence Community concerning:

(1) Production, review and coordination of national foreign intelligence;

(2) Priorities for the National Foreign Intelligence Program budget;

(3) Interagency exchanges of foreign intelligence information;

(4) Arrangements with foreign governments on intelligence matters;

(5) Protection of intelligence sources and methods;

(6) Activities of common concern; and

(7) Such other matters as may be referred by the Director of Central Intelligence.

(b) *Membership.* Advisory groups established pursuant to this section shall be chaired by the Director of Central Intelligence or his designated representative and shall consist of senior representatives from organizations within the Intelligence Community and from departments or agencies containing such organizations, as designated by the Director of Central Intelligence. Groups for consideration of substantive intelligence matters will include representatives of organizations involved in the collection, processing and analysis of intelligence. A senior representative of the Secretary of Commerce, the Attorney General, the Assistant to the President for National Security Affairs, and the Office of the Secretary of Defense shall be invited to participate in any group which deals with other than substantive intelligence matters.

1.4 THE INTELLIGENCE COMMUNITY

The agencies within the Intelligence Community shall, in accordance with applicable United States law and with the other provisions of this Order, conduct intelligence activities necessary for the conduct of foreign relations and the protection of the national security of the United States, including:

(a) Collection of information needed by the President, the National Security Council, the Secretaries of State and Defense, and other Executive Branch officials for the performance of their duties and responsibilities;

(b) Production and dissemination of intelligence;

(c) Collection of information concerning, and the conduct of activities to protect against, intelligence activities directed against the United States, international terrorist and international narcotics activities, and other hostile activities directed against the United States by foreign powers, organizations, persons, and their agents;

(d) Special activities;

(e) Administrative and support activities within the United States and abroad necessary for the performance of authorized activities; and

(f) Such other intelligence activities as the President may direct from time to time.

1.5 DIRECTOR OF CENTRAL INTELLIGENCE

In order to discharge the duties and responsibilities prescribed by law, the Director of Central Intelligence shall be responsible directly to the President and the NSC and shall:

(a) Act as the primary adviser to the President and the NSC on national foreign intelligence and provide the President and other officials in the Executive Branch with national foreign intelligence;

(b) Develop such objectives and guidance for the Intelligence Community as will enhance capabilities for responding to expected future needs for national foreign intelligence;

(c) Promote the development and maintenance of services of common concern by designated intelligence organizations on behalf of the Intelligence Community;

(d) Ensure implementation of special activities;

(e) Formulate policies concerning foreign intelligence and counterintelligence arrangements with foreign governments, coordinate foreign intelligence and counterintelligence relationships between agencies of the Intelligence Community and the intelligence or internal security services of foreign governments, and establish procedures governing the conduct of liaison by any department or agency with such services on narcotics activities;

(f) Participate in the development of procedures approved by the Attorney General governing criminal narcotics intelligence activities abroad to ensure that these activities are consistent with foreign intelligence programs;

(g) Ensure the establishment by the Intelligence Community of common security and access standards for managing and handling foreign intelligence systems, information, and products;

(h) Ensure that programs are developed which protect intelligence sources, methods, and analytical procedures;

(i) Establish uniform criteria for the determination of relative priorities for the transmission of critical national foreign intelligence, and advise the Secretary of Defense concerning the communications requirements of the Intelligence Community for the transmission of such intelligence;

(j) Establish appropriate staffs, committees, or other advisory groups to assist in the execution of the Director's responsibilities;

(k) Have full responsibility for production and dissemination of national foreign intelligence, and authority to levy analytic tasks on departmental intelligence production organizations, in consultation with the organizations, ensuring that appropriate mechanisms for competitive analysis are developed so that diverse points of view are considered fully and differences of judgment within the Intelligence Community are brought to the attention of national policymakers;

(l) Ensure the timely exploitation and dissemination of data gathered by national foreign intelligence collection means, and ensure that the resulting intelligence is disseminated immediately to appropriate government entities and military commands;

(m) Establish mechanisms which translate national foreign intelligence objectives and priorities approved by the NSC into specific guidance for the Intelligence Community, resolve conflicts in tasking priority, provide to departments and agencies having information collection capabilities that are not part of the Nation-

c) Foreign Intelligence Program advisory tasking concerning collection of national foreign intelligence and provide for the development of plans and arrangements for transfer of required collection tasking authority to the Secretary of Defense when directed by the President;

(5) Develop, with the advice of the program managers and departments and agencies concerned, the consolidated National Foreign Intelligence Program budget and present it to the President and the Congress;

(6) Review and approve all requests for reprogramming National Foreign Intelligence Program funds, in accordance with guidelines established by the Office of Management and Budget;

(7) Monitor National Foreign Intelligence Program implementation and, as necessary, conduct program and performance audits and evaluations;

(8) Together with the Secretary of Defense, ensure that there is no unnecessary overlap between national foreign intelligence programs and Department of Defense intelligence programs consistent with the requirement to develop competitive analysis, and provide to and obtain from the Secretary of Defense all information necessary for this purpose;

(9) In accordance with law and relevant procedures approved by the Attorney General under this Order, give the heads of the departments and agencies access to all intelligence, developed by the CIA or the staff elements of the Director of Central Intelligence, relevant to the national intelligence needs of the departments and agencies, and

(10) Facilitate the use of national foreign intelligence products by Congress in a secure manner.

1.6 Duties and Responsibilities of the Heads of Executive Branch Departments and Agencies

(a) The heads of all Executive Branch departments and agencies shall, in accordance with law and relevant procedures approved by the Attorney General under this Order, give the Director of Central Intelligence access to all information relevant to the national intelligence needs of the United States, and shall give due consideration to the requests from the Director of Central Intelligence for appropriate support for Intelligence Community activities.

(b) The heads of departments and agencies involved in the National Foreign Intelligence Program shall ensure timely development and submission to the Director of Central Intelligence by the program managers and heads of component activities of proposed national programs and budgets in the format designated by the Director of Central Intelligence, and shall also ensure that the Director of Central Intelligence is provided, in a timely and responsive manner, all information necessary to perform the Director's program and budget responsibilities.

(c) The heads of departments and agencies involved in the National Foreign Intelligence Program may appeal to the President decisions by the Director of Central Intelligence on budget or reprogramming matters of the National Foreign Intelligence Program.

1.7 Senior Officials of the Intelligence Community

The heads of departments and agencies with organizations in the Intelligence Community or the heads of such organizations, as appropriate, shall:

(a) Report to the Attorney General possible violations of federal criminal laws by employees and of specified federal criminal laws by any other person as provided in procedures agreed upon by the Attorney General and the head of the department or agency concerned, in a manner consistent with the protection of intelligence sources and methods, as specified in those procedures;

(b) In any case involving serious or continuing breaches of security, recommend to the Attorney General that the case be referred to the FBI for further investigation;

(c) Furnish the Director of Central Intelligence and the NSC, in accordance with applicable law and procedures approved by the Attorney General under this Order, the information required for the performance of their respective duties;

(d) Report to the Intelligence Oversight Board, and keep the Director of Central Intelligence appropriately informed, concerning any intelligence activities of their organizations that they have reason to believe may be unlawful or contrary to Executive order or Presidential directive;

(e) Protect intelligence and intelligence sources and methods from unauthorized disclosure consistent with guidance from the Director of Central Intelligence;

(f) Disseminate intelligence to cooperating foreign governments under arrangements established or agreed to by the Director of Central Intelligence;

(g) Participate in the development of procedures approved by the Attorney General governing production and dissemination of intelligence resulting from criminal narcotics intelligence activities abroad if their departments, agencies, or organizations have intelligence responsibilities for foreign or domestic narcotics production and trafficking;

(h) Instruct their employees to cooperate fully with the Intelligence Oversight Board; and

(i) Ensure that the Inspectors General and General Counsels for their organizations have access to any information necessary to perform their duties assigned by this Order.

1.8 The Central Intelligence Agency

All duties and responsibilities of the CIA shall be related to the intelligence functions set out below. As authorized by this Order; the National Security Act of 1947, as amended (see Short Title note above); the CIA Act of 1949, as amended (see Short Title of 1949 Amendment note above); appropriate directives or other applicable law, the CIA shall:

(a) Collect, produce and disseminate foreign intelligence and counterintelligence, including information not otherwise obtainable. The collection of foreign intelligence or counterintelligence within the United States shall be coordinated with the FBI as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(b) Collect, produce and disseminate intelligence on foreign aspects of narcotics production and trafficking;

(c) Conduct counterintelligence activities outside the United States and, without assuming or performing any internal security functions, conduct counterintelligence activities within the United States in coordination with the FBI as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(d) Coordinate counterintelligence activities and the collection of information not otherwise obtainable when conducted outside the United States by other departments and agencies;

(e) Conduct special activities approved by the President. No agency except the CIA (or the Armed Forces of the United States in time of war declared by Congress or during any period covered by a report from the President to the Congress under the War Powers Resolution (87 Stat. 855) (50 U.S.C. 1541 et seq.)) may conduct any special activity unless the President determines that another agency is more likely to achieve a particular objective;

(f) Conduct services of common concern for the Intelligence Community as directed by the NSC;

(g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized functions;

(h) Protect the security of its installations, activities, information, property, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the CIA as are necessary; and

(i) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) and (c) through (h) above, including procurement and essential cover and proprietary arrangements.

1.9 The Department of State

The Secretary of State shall:

(a) Overtly collect information relevant to United States foreign policy concerns;

(b) Produce and disseminate foreign intelligence relating to United States foreign policy as required for the execution of the Secretary's responsibilities;

(c) Disseminate, as appropriate, reports received from United States diplomatic and consular posts;

(d) Transmit reporting requirements of the Intelligence Community to the Chiefs of United States Missions abroad; and

(e) Support Chiefs of Missions in discharging their statutory responsibilities for direction and coordination of mission activities.

1.10 The Department of the Treasury

The Secretary of the Treasury shall:

(a) Overtly collect foreign financial and monetary information;

(b) Participate with the Department of State in the overt collection of general foreign economic information;

(c) Produce and disseminate foreign intelligence relating to United States economic policy as required for the execution of the Secretary's responsibilities; and

(d) Conduct, through the United States Secret Service, activities to determine the existence and capability of surveillance equipment being used against the President of the United States, the Executive Office of the President, and, as authorized by the Secretary of the Treasury or the President, other Secret Service protectees and United States officials. No information shall be acquired intentionally through such activities except to protect against such surveillance, and those activities shall be conducted pursuant to procedures agreed upon by the Secretary of the Treasury and the Attorney General.

1.11 The Department of Defense

The Secretary of Defense shall:

(a) Collect national foreign intelligence and be responsive to collection tasking by the Director of Central Intelligence;

(b) Collect, produce and disseminate military and military-related foreign intelligence and counterintelligence as required for execution of the Secretary's responsibilities;

(c) Conduct programs and missions necessary to fulfill national, departmental and tactical foreign intelligence requirements;

(d) Conduct counterintelligence activities in support of Department of Defense components outside the United States in coordination with the CIA, and within the United States in coordination with the FBI pursuant to procedures agreed upon by the Secretary of Defense and the Attorney General;

(e) Conduct, in the executive agent of the United States Government, signals intelligence and communications security activities, except as otherwise directed by the NSC;

(f) Provide for the timely transmission of critical intelligence, as defined by the Director of Central Intelligence, within the United States Government;

(g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized intelligence functions;

(h) Protect the security of Department of Defense installations, activities, property, information, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the Department of Defense as are necessary;

(i) Establish and maintain military intelligence relationships and military intelligence exchange programs with selected cooperative foreign defense establishments and international organizations, and ensure that such relationships and programs are in accordance with policies formulated by the Director of Central Intelligence;

(j) Direct, operate, control and provide fiscal management for the National Security Agency and for defense and military intelligence and national reconnaissance entities; and

(k) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) through (j) above.

1.12 Intelligence Components Utilized by the Secretary of Defense

In carrying out the responsibilities assigned in section 1.11, the Secretary of Defense is authorized to utilize the following:

(a) *Defense Intelligence Agency*, whose responsibilities shall include:

(1) Collection, production, or, through tasking and coordination, provision of military and military-related intelligence for the Secretary of Defense, the Joint Chiefs of Staff, other Defense components, and, as appropriate, non-Defense agencies;

(2) Collection and provision of military intelligence for national foreign intelligence and counterintelligence products;

(3) Coordination of all Department of Defense intelligence collection requirements;

(4) Management of the Defense Attache system; and

(5) Provision of foreign intelligence and counterintelligence staff support as directed by the Joint Chiefs of Staff.

(b) *National Security Agency*, whose responsibilities shall include:

(1) Establishment and operation of an effective unified organization for signals intelligence activities, except for the delegation of operational control over certain operations that are conducted through other elements of the intelligence Community. No other department or agency may engage in signals intelligence activities except pursuant to a delegation by the Secretary of Defense;

(2) Control of signals intelligence collection and processing activities, including assignment of resources to an appropriate agent for such periods and tasks as required for the direct support of military commanders;

(3) Collection of signals intelligence information for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(4) Processing of signals intelligence data for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(5) Dissemination of signals intelligence information for national foreign intelligence purposes to authorized elements of the Government, including the military services, in accordance with guidance from the Director of Central Intelligence;

(6) Collection, processing and dissemination of signals intelligence information for counterintelligence purposes;

(7) Provision of signals intelligence support for the conduct of military operations in accordance with tasking, priorities, and standards of timeliness assigned by the Secretary of Defense. If provision of such support requires use of national collection systems, these systems will be tasked within existing guidance from the Director of Central Intelligence.

(8) Executing the responsibilities of the Secretary of Defense as executive agent for the communications security of the United States Government.

(b) Conduct of research and development to meet the needs of the United States for signals intelligence and communications security;

(c) Protection of the security of its installations, activities, property, information, and employees by appropriate means including such investigations of applicants, employees, contractors, and other persons with similar associations with the NSA as are necessary;

(d) Prescribing, within its field of authorized operations, security regulations covering operating practices, including the transmission, handling and distribution of signals intelligence and communications security material within and among the elements under control of the Director of the NSA, and exercising the necessary supervisory control to ensure compliance with the regulations;

(e) Conduct of foreign cryptologic liaison relationships with liaison for intelligence purposes conducted in accordance with policies formulated by the Director of Central Intelligence; and

(f) Conduct of such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (1) through (12) above, including procurement.

c. *Offices for the collection of specialized intelligence through reconnaissance programs*, whose responsibilities shall include:

(1) Carrying out consolidated reconnaissance programs for specialized intelligence;

(2) Responding to tasking in accordance with procedures established by the Director of Central Intelligence; and

(3) Delegating authority to the various departments and agencies for research, development, procurement, and operation of designated means of collection.

d. *The foreign intelligence and counterintelligence elements of the Army, Navy, Air Force, and Marine Corps*, whose responsibilities shall include:

(1) Collection, production and dissemination of military and military-related foreign intelligence and counterintelligence, and information on the foreign aspects of narcotics production and trafficking. When collection is conducted in response to national foreign intelligence requirements, it will be conducted in accordance with guidance from the Director of Central Intelligence. Collection of national foreign intelligence, not otherwise obtainable, outside the United States shall be coordinated with the CIA, and such collection within the United States shall be coordinated with the FBI;

(2) Conduct of counterintelligence activities outside the United States in coordination with the CIA, and within the United States in coordination with the FBI; and

(3) Monitoring of the development, procurement and management of tactical intelligence systems and equipment and conducting related research, development, and test and evaluation activities.

e. *Other offices within the Department of Defense appropriate for conduct of the intelligence missions and responsibilities assigned to the Secretary of Defense.* If such other offices are used for intelligence purposes, the provisions of Part 2 of this Order shall apply to those offices when used for those purposes.

1.13 The Department of Energy

The Secretary of Energy shall:

a. Participate with the Department of State in overtly collecting information with respect to foreign energy matters;

b. Produce and disseminate foreign intelligence necessary for the Secretary's responsibilities;

c. Participate in formulating intelligence collection and analysis requirements where the special expert capability of the Department can contribute; and

d. Provide expert technical, analytical and research capability to other agencies within the Intelligence Community.

1.14 The Federal Bureau of Investigation

Under the supervision of the Attorney General and pursuant to such regulations as the Attorney General may establish, the Director of the FBI shall:

(a) Within the United States conduct counterintelligence and coordinate counterintelligence activities of other agencies within the Intelligence Community. When a counterintelligence activity of the FBI involves military or civilian personnel of the Department of Defense, the FBI shall coordinate with the Department of Defense.

(b) Conduct counterintelligence activities outside the United States in coordination with the CIA as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General.

(c) Conduct within the United States, when requested by officials of the Intelligence Community designated by the President, activities undertaken to collect foreign intelligence or support foreign intelligence collection requirements of other agencies within the Intelligence Community, or, when requested by the Director of the National Security Agency, to support the communications security activities of the United States Government.

(d) Produce and disseminate foreign intelligence and counterintelligence, and

(e) Carry out or contract for research, development and procurement of technical systems and devices relating to the functions authorized above.

PART 2—CONDUCT OF INTELLIGENCE ACTIVITIES

2.1 Need

Accurate and timely information about the capabilities, intentions and activities of foreign powers, organizations, or persons and their agents is essential to informed decisionmaking in the areas of national defense and foreign relations. Collection of such information is a priority objective and will be pursued in a vigorous, innovative and responsible manner that is consistent with the Constitution and applicable law and respectful of the principles upon which the United States was founded.

2.2 Purpose

This Order is intended to enhance human and technical collection techniques, especially those undertaken abroad, and the acquisition of significant foreign intelligence, as well as the detection and countering of international terrorist activities and espionage conducted by foreign powers. Set forth below are certain general principles that, in addition to and consistent with applicable laws, are intended to achieve the proper balance between the acquisition of essential information and protection of individual interests. Nothing in this Order shall be construed to apply to or interfere with any authorized civil or criminal law enforcement responsibility of any department or agency.

2.3 Collection of Information

Agencies within the Intelligence Community are authorized to collect, retain or disseminate information concerning United States persons only in accordance with procedures established by the head of the agency concerned and approved by the Attorney General, consistent with the authorities provided by Part 1 of this Order. Those procedures shall permit collection, retention and dissemination of the following types of information:

(a) Information that is publicly available or collected with the consent of the person concerned;

(b) Information constituting foreign intelligence or counterintelligence, including such information concerning corporations or other commercial organizations. Collection within the United States of foreign intelligence not otherwise obtainable shall be undertaken by the FBI or, when significant foreign intelligence is sought, by other authorized agencies of the Intelligence Community, provided that no foreign intelligence collection by such agencies may be undertaken for the purpose of acquiring information concerning the domestic activities of United States persons;

(c) Information obtained in the course of a lawful foreign intelligence, counterintelligence, international narcotics or international terrorism investigation;

(d) Information needed to protect the safety of any persons or organizations, including those who are targets, victims or hostages of international terrorist organizations;

(e) Information needed to protect foreign intelligence or counterintelligence sources or methods from unauthorized disclosure. Collection within the United States shall be undertaken by the FBI except that other agencies of the Intelligence Community may also collect such information concerning present or former employees, present or former intelligence agency contractors or their present or former employees, or applicants for any such employment or contracting;

(f) Information concerning persons who are reasonably believed to be potential sources or contacts for the purpose of determining their suitability or credibility;

(g) Information arising out of a lawful personnel, physical or communications security investigation;

(h) Information acquired by overhead reconnaissance not directed at specific United States persons;

(i) Incidentally obtained information that may indicate involvement in activities that may violate federal, state, local or foreign laws; and

(j) Information necessary for administrative purposes.

In addition, agencies within the Intelligence Community may disseminate information, other than information derived from signals intelligence, to each appropriate agency within the Intelligence Community for purposes of allowing the recipient agency to determine whether the information is relevant to its responsibilities and can be retained by it.

2.4 Collection Techniques

Agencies within the Intelligence Community shall use the least intrusive collection techniques feasible within the United States or directed against United States persons abroad. Agencies are not authorized to use such techniques as electronic surveillance, unconsented physical search, mail surveillance, physical surveillance, or monitoring devices unless they are in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such procedures shall protect constitutional and other legal rights and limit use of such information to lawful governmental purposes. These procedures shall not authorize:

(a) The CIA to engage in electronic surveillance within the United States except for the purpose of training, testing, or conducting countermeasures to hostile electronic surveillance;

(b) Unconsented physical searches in the United States by agencies other than the FBI, except for:

(1) Searches by counterintelligence elements of the military services directed against military personnel within the United States or abroad for intelligence purposes, when authorized by a military commander empowered to approve physical searches for law enforcement purposes, based upon a finding of probable cause to believe that such persons are acting as agents of foreign powers, and

(2) Searches by CIA of personal property of non-United States persons lawfully in its possession.

(c) Physical surveillance of a United States person in the United States by agencies other than the FBI, except for:

(1) Physical surveillance of present or former employees, present or former intelligence agency contractors or their present or former employees, or applicants for any such employment or contracting; and

(2) Physical surveillance of a military person employed by a nonintelligence element of a military service.

(d) Physical surveillance of a United States person abroad to collect foreign intelligence, except to obtain significant information that cannot reasonably be acquired by other means.

2.5 Attorney General Approval

The Attorney General hereby is delegated the power to approve the use for intelligence purposes, within the United States or against a United States person abroad, of any technique for which a warrant would be required if undertaken for law enforcement purposes, provided that such techniques shall not be undertaken unless the Attorney General has determined in each case that there is probable cause to believe that the technique is directed against a foreign power or an agent of a foreign power. Electronic surveillance, as defined in the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.), shall be conducted in accordance with that Act, as well as this Order.

2.6 Assistance to Law Enforcement Authorities

Agencies within the Intelligence Community are authorized to:

(a) Cooperate with appropriate law enforcement agencies for the purpose of protecting the employees, information, property and facilities of any agency within the Intelligence Community;

(b) Unless otherwise precluded by law or this Order, participate in law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers, or international terrorist or narcotics activities;

(c) Provide specialized equipment, technical knowledge, or assistance of expert personnel for use by any department or agency, or, when lives are endangered, to support local law enforcement agencies. Provision of assistance by expert personnel shall be approved in each case by the General Counsel of the providing agency; and

(d) Render any other assistance and cooperation to law enforcement authorities not precluded by applicable law.

2.7 Contracting

Agencies within the Intelligence Community are authorized to enter into contracts or arrangements for the provision of goods or services with private companies or institutions in the United States and need not reveal the sponsorship of such contracts or arrangements for authorized intelligence purposes. Contracts or arrangements with academic institutions may be undertaken only with the consent of appropriate officials of the institution.

2.8 Consistency With Other Laws

Nothing in this Order shall be construed to authorize any activity in violation of the Constitution or statutes of the United States.

2.9 Undisclosed Participation in Organizations Within the United States

No one acting on behalf of agencies within the Intelligence Community may join or otherwise participate in any organization in the United States on behalf of any agency within the Intelligence Community without disclosing his intelligence affiliation to appropriate officials of the organization, except in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such participation shall be authorized only if it is essential to achieving lawful purposes as determined by the agency head or designee. No such participation may be undertaken for the purpose of influencing the activity of the organization or its members except in cases where

(a) The participation is undertaken on behalf of the FBI in the course of a lawful investigation, or

(b) The organization concerned is composed primarily of individuals who are not United States persons and is reasonably believed to be acting on behalf of a foreign power.

2.10 Human Experimentation

No agency within the Intelligence Community shall sponsor, contract for or conduct research on human subjects except in accordance with guidelines issued by the Department of Health and Human Services. The subject's informed consent shall be documented as required by those guidelines.

2.11 Prohibition on Assassination

No person employed by or acting on behalf of the United States Government shall engage in, or conspire to engage in, assassination.

2.12 Indirect Participation

No agency of the Intelligence Community shall participate in or request any person to undertake activities forbidden by this Order.

PART 3—GENERAL PROVISIONS

3.1 Congressional Oversight

The duties and responsibilities of the Director of Central Intelligence and the heads of other departments, agencies, and entities engaged in intelligence activities to cooperate with the Congress in the conduct of its responsibilities for oversight of intelligence activities shall be as provided in title 50, United States Code, section 413. The requirements of section 662 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2422), and section 501 of the National Security Act of 1947, as amended (50 U.S.C. 413), shall apply to all special activities as defined in this Order.

3.2 Implementation

The NSC, the Secretary of Defense, the Attorney General, and the Director of Central Intelligence shall issue such appropriate directives and procedures as are necessary to implement this Order. Heads of agencies within the Intelligence Community shall issue appropriate supplementary directives and procedures consistent with this Order. The Attorney General shall provide a statement of reasons for not approving any procedures established by the head of an agency in the Intelligence Community other than the FBI. The National Security Council may establish procedures in instances where the agency head and the Attorney General are unable to reach agreement on other than constitutional or other legal grounds.

3.3 Procedures

Until the procedures required by this Order have been established, the activities herein authorized which require procedures shall be conducted in accordance with existing procedures or requirements established under Executive Order No. 12036 (formerly set out above). Procedures required by this Order shall be established as expeditiously as possible. All procedures promulgated pursuant to this Order shall be made available to the congressional intelligence committees.

3.4 Definitions

For the purposes of this Order, the following terms shall have these meanings.

(a) *Counterintelligence* means information gathered and activities conducted to protect against espionage, other intelligence activities, sabotage, or assassinations conducted for or on behalf of foreign powers, organizations or persons, or international terrorist activities, but not including personnel, physical, document or communications security programs.

(b) *Electronic surveillance* means acquisition of a nonpublic communication by electronic means without the consent of a person who is a party to an electronic communication or, in the case of a nonelectronic communication, without the consent of a person who is visibly present at the place of communication, but not including the use of radio direction-finding equipment solely to determine the location of a transmitter.

(c) *Employee* means a person employed by, assigned to or acting for an agency within the Intelligence Community.

(d) *Foreign intelligence* means information relating to the capabilities, intentions and activities of foreign powers, organizations or persons, but not including counterintelligence except for information on international terrorist activities.

(e) *Intelligence activities* means all activities that agencies within the Intelligence Community are authorized to conduct pursuant to this Order.

(f) *Intelligence Community* and *agencies within the Intelligence Community* refer to the following agencies or organizations:

(1) The Central Intelligence Agency (CIA);

(2) The National Security Agency (NSA);

(3) The Defense Intelligence Agency (DIA);

(4) The offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs;

(5) The Bureau of Intelligence and Research of the Department of State;

(6) The intelligence elements of the Army, Navy, Air Force, and Marine Corps, the Federal Bureau of Investigation (FBI), the Department of the Treasury, and the Department of Energy; and

(7) The staff elements of the Director of Central Intelligence.

(g) *The National Foreign Intelligence Program* includes the programs listed below, but its composition shall be subject to review by the National Security Council and modification by the President:

(1) The programs of the CIA;

(2) The Consolidated Cryptologic Program, the General Defense Intelligence Program, and the programs of the offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance, except such elements as the Director of Central Intelligence and the Secretary of Defense agree should be excluded;

(3) Other programs of agencies within the Intelligence Community designated jointly by the Director of Central Intelligence and the head of the department or by the President as national foreign intelligence or counterintelligence activities;

(4) Activities of the staff elements of the Director of Central Intelligence;

(5) Activities to acquire the intelligence required for the planning and conduct of tactical operations by the United States military forces are not included in the National Foreign Intelligence Program.

(h) *Special activities* means activities conducted in support of national foreign policy objectives abroad which are planned and executed so that the role of the United States Government is not apparent or acknowledged publicly, and functions in support of such activities, but which are not intended to influence United States political processes, public opinion, policies, or media and do not include diplomatic activities or the collection and production of intelligence or related support functions.

(i) *United States person* means a United States citizen, an alien known by the intelligence agency concerned to be a permanent resident alien, an unincorporated association substantially composed of United States citizens or permanent resident aliens, or a corporation incorporated in the United States, except for a corporation directed and controlled by a foreign government or governments.

3.5 Purpose and Effect

This Order is intended to control and provide direction and guidance to the Intelligence Community.

Nothing contained herein or in any procedures promulgated hereunder is intended to confer any substantive or procedural right or privilege on any person or organization.

3.6 Revocation

Executive Order No. 12036 of January 24, 1978, as amended, entitled "United States Intelligence Activities," is revoked.

RONALD REAGAN.

Ex. Ord. No. 12334. President's Intelligence Oversight Board

Ex. Ord. No. 12334, Dec. 4, 1981, 46 F.R. 59955, provided:

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to enhance the security of the United States by assuring the legality of activities of the Intelligence Community, it is hereby ordered as follows:

Section 1. There is hereby established within the White House Office, Executive Office of the President, the President's Intelligence Oversight Board, which shall be composed of three members. One member, appointed from among the membership of the President's Foreign Intelligence Advisory Board, shall be designated by the President as Chairman. Members of the Board shall serve at the pleasure of the President and shall be appointed by the President from among trustworthy and distinguished citizens outside the Government who are qualified on the basis of achievement, experience and independence. The Board shall utilize such full-time staff and consultants as authorized by the President.

Sec. 2. The Board shall:

(a) Inform the President of intelligence activities that any member of the Board believes are in violation of the Constitution or laws of the United States, Executive orders, or Presidential directives;

(b) Forward to the Attorney General reports received concerning intelligence activities that the Board believes may be unlawful;

(c) Review the internal guidelines of each agency within the Intelligence Community concerning the lawfulness of intelligence activities;

(d) Review the practices and procedures of the Inspectors General and General Counsel of the Intelligence Community for discovering and reporting intelligence activities that may be unlawful or contrary to Executive order or Presidential directive; and

(e) Conduct such investigations as the Board deems necessary to carry out its functions under this Order.

Sec. 3. The Board shall, when required by this Order, report directly to the President. The Board shall consider and take appropriate action with respect to matters identified by the Director of Central Intelligence, the Central Intelligence Agency or other agencies of the Intelligence Community. With respect to matters deemed appropriate by the President, the Board shall advise and make appropriate recommendations to the Director of Central Intelligence, the Central Intelligence Agency, and other agencies of the Intelligence Community.

Sec. 4. The heads of departments and agencies [illegible], the Intelligence Community shall, to the extent permitted by law, provide the Board with all information necessary to carry out its responsibilities. Inspectors General and General Counsel of the Intelligence Community shall, to the extent permitted by law, report to the Board concerning intelligence activities that they have reason to believe may be unlawful or contrary to Executive order or Presidential directive.

Sec. 5. Information made available to the Board shall be given all necessary security protection in accordance with applicable laws and regulations. Each member of the Board, each member of the Board's staff, and each of the Board's consultants shall execute an agreement never to reveal any classified information obtained by virtue of his or her service with the Board except to the President or to such persons as the President may designate.

Sec. 6. Members of the Board shall serve without compensation, but may receive transportation, expense, and per diem allowances as authorized by law. Staff and consultants to the Board shall receive pay and allowances as authorized by the President.

RONALD REAGAN.

Ex. Ord. No. 12356. National Security Information

Ex. Ord. No. 12356, Apr. 2, 1982, 47 F.R. 14874, 15557, provided:

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This Order prescribes a uniform system for classifying, declassifying, and safeguarding national security information. It recognizes that it is essential that the public be informed concerning the activities of its Government, but that the interests of the United States and its citizens require that certain information concerning the national defense and foreign relations be protected against unauthorized disclosure. Information may not be classified under this Order unless its disclosure reasonably could be expected to cause damage to the national security.

NOW, by the authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

PART 1—ORIGINAL CLASSIFICATION

Section 1.1 Classification Levels

(a) National security information (hereinafter "classified information") shall be classified at one of the following three levels:

(1) "Top Secret" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause exceptionally grave damage to the national security.

(2) "Secret" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause serious damage to the national security.

(3) "Confidential" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause damage to the national security

EXHIBIT JMP-103

Title 3—The President

Executive Order 11905 February 18, 1976

United States Foreign Intelligence Activities

By virtue of the authority vested in me by the Constitution and statutes of the United States, including the National Security Act of 1947, as amended, and as President of the United States of America, it is hereby ordered as follows:

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Section 1. Purpose. The purpose of this Order is to establish policies to improve the quality of intelligence needed for national security, to clarify the authority and responsibilities of the intelligence departments and agencies, and to establish effective oversight to assure compliance with law in the management and direction of intelligence agencies and departments of the national government.

Sec. 2. Definitions. For the purpose of this Order, unless otherwise indicated, the following terms shall have these meanings:

(a) Intelligence means:

(1) Foreign intelligence which means information, other than foreign counterintelligence, on the capabilities, intentions and activities of foreign powers, organizations or their agents; and

(2) Foreign counterintelligence which means activities conducted to protect the United States and United States citizens from foreign espionage, sabotage, subversion, assassination or terrorism.

(b) Intelligence Community refers to the following organizations:

(1) Central Intelligence Agency;

(2) National Security Agency;

(3) Defense Intelligence Agency;

(4) Special offices within the Department of of Defense for the collection of specialized intelligence through reconnaissance programs;

(5) Intelligence elements of the military services;

(6) Intelligence element of the Federal Bureau of Investigation;

(7) Intelligence element of the Department of State;

(8) Intelligence element of the Department of the Treasury; and

(9) Intelligence element of the Energy Research and Development Administration.

(c) Special activities in support of national foreign policy objectives means activities, other than the collection and production of intelligence and related support functions, designed to further official United States programs and policies abroad which are planned and executed so that the role of the United States Government is not apparent or publicly acknowledged.

(d) National Foreign Intelligence Program means the programs of the Central Intelligence Agency and the special offices within the Department of Defense for the collection of specialized intelligence through reconnaissance programs, the Consolidated Cryptologic Program, and those elements of the General Defense Intelligence Program and other programs of the departments and agencies, not including tactical intelligence, designated by the Committee on Foreign Intelligence as part of the Program.

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Sec. 3. Control and Direction of National Intelligence Organizations.

(a) National Security Council.

(1) The National Security Council was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. Statutory members of the National Security Council are the President, the Vice President, the Secretary of State, and the Secretary of Defense.

(2) Among its responsibilities, the National Security Council shall provide guidance and direction to the development and formulation of national intelligence activities.

(3) The National Security Council shall conduct a semi-annual review of intelligence policies and of ongoing special activities in support of national foreign policy objectives. These reviews shall consider the needs of users of intelligence and the timeliness and quality of intelligence products and the continued appropriateness of special activities in support of national foreign policy objectives. The National Security Council shall consult with the Secretary of the Treasury and such other users of intelligence as designated by the President as part of these reviews.

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(b) Committee on Foreign Intelligence.

(1) There is established the Committee on Foreign Intelligence (hereinafter referred to as the CFI), which shall be composed of the Director of Central Intelligence, hereinafter referred to as the DCI, who shall be the Chairman; the Deputy Secretary of Defense for Intelligence; and the Deputy Assistant to the President for National Security Affairs. The CFI shall report directly to the National Security Council.

(2) The CFI shall (i) control budget preparation and resource allocation for the National Foreign Intelligence Program.

(A) The CFI shall, prior to submission to the Office of Management and Budget, review, and amend as it deems appropriate, the budget for the National Foreign Intelligence Program.

(B) The CFI shall also adopt rules governing the reprogramming of funds within this budget. Such rules may require that reprogrammings of certain types or amounts be given prior approval by the CFI.

(ii) Establish policy priorities for the collection and production of national intelligence.

(iii) Establish policy for the management of the National Foreign Intelligence Program.

(iv) Provide guidance on the relationship between tactical and national intelligence; however, neither the DCI nor the CFI shall have responsibility for tactical intelligence.

(v) Provide continuing guidance to the Intelligence Community in order to ensure compliance with policy directions of the NSC.

(3) The CFI shall be supported by the Intelligence Community staff headed by the Deputy to the Director of Central Intelligence for the Intelligence Community.

(4) The CFI shall establish such subcommittees as it deems appropriate to ensure consultation with members of the Intelligence Community on policies and guidance issued by the CFI.

(5) Decisions of the CFI may be reviewed by the National Security Council upon appeal by the Director of Central Intelligence or any member of the National Security Council.

(c) The Operations Advisory Group.

(1) There is established the Operations Advisory Group (hereinafter referred to as the Operations Group), which shall be composed of the Assistant to the President for National Security Affairs; the Secretaries of State and Defense; the Chairman of the Joint Chiefs of Staff; and the Director of Central Intelligence. The Chairman shall be designated by the President. The Attorney General and the Director

of the Office of Management and Budget or their representatives, and others who may be designated by the President, shall attend all meetings as observers.

(2) The Operations Group shall (i) consider and develop a policy recommendation, including any dissents, for the President prior to his decision on each special activity in support of national foreign policy objectives.

(ii) Conduct periodic reviews of programs previously considered by the Operations Group.

(iii) Give approval for specific sensitive intelligence collection operations as designated by the Operations Group.

(iv) Conduct periodic reviews of ongoing sensitive intelligence collection operations.

(3) The Operations Group shall discharge the responsibilities assigned by subparagraphs (c)(2)(i) and (c)(2)(iii) of this section only after consideration in a formal meeting attended by all members and observers; or, in unusual circumstances when any member or observer is unavailable, when a designated representative of the member or observer attends.

(4) The staff of the National Security Council shall provide support to the Operations Group.

(d) Director of Central Intelligence.

(1) The Director of Central Intelligence,

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pursuant to the National Security Act of 1947, shall be responsible directly to the National Security Council and the President. He shall:

(i) Chair the CFI.

(ii) Act as executive head of the CIA and Intelligence Community staff.

(iii) Ensure the development and submission of a budget for the National Foreign Intelligence Program to the CFI.

(iv) Act as the President's primary adviser on foreign intelligence and provide him and other officials in the Executive branch with foreign intelligence, including National Intelligence Estimates; develop national intelligence requirements and priorities; and supervise production and dissemination of national intelligence.

(v) Ensure appropriate implementation of special activities in support of national foreign policy objectives.

(vi) Establish procedures to ensure the propriety of requests, and responses thereto, from the White House Staff or other Executive departments and agencies to the Intelligence Community.

(vii) Ensure that appropriate programs are developed which properly protect intelligence sources, methods and analytical procedures. His responsibility within the United States shall be limited to:

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(A) Protection by lawful means against disclosure by present or former employees of the Central Intelligence Agency or persons, or employees of persons or organizations, presently or formerly under contract with the Agency;

(B) providing leadership, guidance and technical assistance to other government departments and agencies performing foreign intelligence activities; and

(C) in cases involving serious or continuing security violations, recommending to the Attorney General that the case be referred to the Federal Bureau of Investigation for further investigation.

(viii) Establish a vigorous program to downgrade and declassify foreign intelligence information as appropriate and consistent with Executive Order No. 11652.

(ix) Ensure the existence of strong Inspector General capabilities in all elements of the Intelligence Community and that each Inspector General submits quarterly to the Intelligence Oversight Board a report which sets forth any questionable activities in which that intelligence organization has engaged or is engaged.

(x) Ensure the establishment, by the Intelligence Community, of common security standards for managing and handling foreign intelligence systems, information and products, and for granting access thereto.

(xi) Act as the principal spokesman to the Congress for the Intelligence Community and facilitate the use of foreign intelligence products by Congress.

(xii) Promote the development and maintenance by the Central Intelligence Agency of services of common concern to the Intelligence Community organizations, including multi-discipline analysis, national level intelligence products, and a national level current intelligence publication.

(xiii) Establish uniform criteria for the identification, selection, and designation of relative priorities for the transmission of critical intelligence, and provide the Secretary of Defense with continuing guidance as to the communications requirements of the Intelligence Community for the transmission of such intelligence.

(xiv) Establish such committees of collectors, producers and users of intelligence to assist in his conduct of his responsibilities as he deems appropriate.

(xv) Consult with users and producers of intelligence, including the Departments of State, Treasury, and Defense, the military services, the Federal Bureau of Investigation, the Energy Research and Development Administration, and the Council of Economic Advisors, to ensure the timeliness, relevancy and quality of the intelligence product.

(2) To assist the Director of Central Intelligence in the supervision and direction of the Intelligence Community, the position of Deputy to the Director of Central Intelligence for the Intelligence Community is hereby established (Committee on Foreign Intelligence).

(3) To assist the Director of Central Intelligence in the supervision and direction of the Central Intelligence Agency, the Director of Central Intelligence shall, to the extent consistent with his statutory responsibilities, delegate the day-to-day operation of the Central Intelligence Agency to the Deputy Director of Central Intelligence (50 U.S.C. 403(a)).

(4) To assist the DCI in the fulfillment of his responsibilities, the heads of all departments and agencies shall give him access to all information relevant to the foreign intelligence needs of the United States. Relevant information requested by the DCI shall be provided, and the DCI shall take appropriate steps to maintain its confidentiality.

Sec. 4. Responsibilities and Duties of the Intelligence Community. Purpose. The rules of operation prescribed by this section of the Order relate to the activities of our foreign intelligence agencies. In some instances, detailed implementation of this Executive order will be contained in classified documents because of the sensitivity of the information and its relation

to national security. All such classified instructions will be consistent with this Order. Unless otherwise specified within this section, its provisions apply to activities both inside and outside the United States, and all references to law are to applicable laws of the United States. Nothing in this section of this Order shall be construed to interfere with any law-enforcement responsibility of any department or agency.

(c) Senior Officials of the Intelligence Community. The senior officials of the CIA, Departments of State, Treasury and Defense, ERDA and the FBI shall ensure that, in discharging the duties and responsibilities enumerated for their organizations which relate to foreign intelligence, they are responsive to the needs of the President, the National Security Council and other elements of the Government. In carrying out their duties and responsibilities, senior officials shall ensure that all policies and directives relating to intelligence activities are carried out in accordance with law and this Order, including Section 5, and shall:

(1) Make appropriate use of the capabilities of the other elements of the Intelligence Community in order to achieve maximum efficiency.

(2) Contribute in areas of his responsibility to the national intelligence products produced under auspices of the Director of Central Intelligence.

(3) Establish internal policies and guidelines governing employee conduct and ensuring that such are made known to, and acknowledged by, each employee.

(4) Provide for a strong and independent organization for identification and inspection of, and reporting on, unauthorized activity.

(5) Report to the Attorney General that information which relates to detection or prevention of possible violations of law by any person, including an employee of the senior official's department or agency.

(6) Furnish to the Director of Central Intelligence, the CFI, the Operations Group, the President's Foreign Intelligence Advisory Board, and the Intelligence Oversight Board all of the information required for the performance of their respective duties.

(7) Participate, as appropriate, in the provision of services of common concern as directed by the Director of Central Intelligence and provide other departments and agencies with such mutual assistance as may be within his capabilities and as may be required in the interests of the Intelligence Community for reasons of economy, effectiveness, or operational necessity.

(8) Protect intelligence and intelligence sources and methods within his department or agency, consistent with policies and guidance of the Director of Central Intelligence.

(9) Conduct a continuing review of all classified material originating within his organization and promptly declassifying such material consistent with Executive Order No. 11652, as amended.

(10) Provide administrative and support functions required by his department or agency.

(b) The Central Intelligence Agency. All duties and responsibilities of the Central Intelligence Agency shall be related to the foreign intelligence functions outlined below. As authorized by the National Security Act of 1947, as amended, the CIA Act of 1949, as amended, and other laws, regulations, and directives, the Central Intelligence Agency shall:

(1) Produce and disseminate foreign intelligence relating to the national security, including foreign political, economic, scientific, technical, military, sociological, and geographic intelligence, to meet the needs of the President, the National Security Council, and other elements of the United States Government.

(2) Develop and conduct programs to collect political, economic, scientific, technical, military, geographic, and sociological information, not otherwise

obtainable, relating to foreign intelligence, in accordance with directives of the National Security Council.

(3) Collect and produce intelligence on foreign aspects of international terrorist activities and traffic in narcotics.

(4) Conduct foreign counterintelligence activities outside the United States and when in the United States in coordination with the FBI subject to the approval of the Attorney General.

(5) Carry out such other special activities in support of national foreign policy objectives as may be directed by the President or the National Security Council and which are within the limits of applicable law.

(6) Conduct, for the Intelligence Community, services of common concern as directed by the National Security Council, such as monitoring of foreign public radio and television broadcasts and foreign press services, collection of foreign intelligence information from cooperating sources in the United States, acquisition and translation of foreign publications and photographic interpretation.

(7) Carry out or contract for research, development and procurement of technical systems and devices relating to the functions authorized in this subsection.

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(8) Protect the security of its installations, activities, information and personnel. In order to maintain this security, the CIA shall conduct such investigations of applicants, employees, and other persons with similar associations with the CIA as are necessary.

(9) Conduct administrative, technical and support activities in the United States or abroad as may be necessary to perform the functions described in paragraphs (1) through (8) above, including procurement, maintenance and transport; communications and data processing; recruitment and training; the provision of personnel, financial and medical services; development of essential cover and proprietary arrangements; entering into contracts and arrangements with appropriate private companies and institutions to provide classified or unclassified research, analytical and developmental services and specialized expertise; and entering into similar arrangements with academic institutions, provided CIA sponsorship is known to the appropriate senior officials of the academic institutions and to senior project officials.

(c) The Department of State. The Secretary of State shall:

(1) Collect, overtly, foreign political, political-military, sociological, economic, scientific, technical and associated biographic information.

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(2) Produce and disseminate foreign intelligence relating to United States foreign policy as required for the execution of his responsibilities and in support of policy-makers involved in foreign relations within the United States Government.

(3) Disseminate within the United States Government, as appropriate, reports received from United States diplomatic missions abroad.

(4) Coordinate with the Director of Central Intelligence to ensure that United States intelligence activities and programs are useful for and consistent with United States foreign policy.

(5) Transmit reporting requirements of the Intelligence Community to our Chiefs of Missions abroad and provide guidance for their collection effort.

(6) Contribute to the Intelligence Community guidance for its collection of intelligence based on the needs of those responsible for foreign policy decisions.

(7) Support Chiefs of Missions in discharging their responsibilities to direct and coordinate the activities of all elements of their missions.

(d) The Department of the Treasury. The Secretary of the Treasury shall:

(1) Collect, overtly, foreign financial and monetary information.

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(2) Participate with the Department of State in the overt collection of general foreign economic information.

(3) Produce that intelligence required for the execution of the Secretary's interdepartmental responsibilities and the mission of the Department of the Treasury.

(4) Contribute intelligence and guidance required for the development of national intelligence.

(5) Disseminate within the United States Government, as appropriate, foreign intelligence information acquired.

(e) Department of Defense.

(1) The Secretary of Defense shall:

(i) Collect foreign military intelligence information as well as military-related foreign intelligence information, including scientific, technical, political and economic information as required for the execution of his responsibilities.

(ii) Produce and disseminate, as appropriate, intelligence emphasizing foreign military capabilities and intentions and scientific, technical and economic developments pertinent to his responsibilities.

(iii) Conduct such programs and missions necessary to fulfill national intelligence requirements as determined by the CFI.

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(iv) Direct, fund and operate the National Security Agency, and national, defense and military intelligence and reconnaissance entities as required.

(v) Conduct, as the executive agent of the United States Government, signals intelligence activities and communications security, except as otherwise approved by the CFI.

(vi) Provide for the timely transmission of critical intelligence, as defined by the Director of Central Intelligence, within the United States Government.

(2) In carrying out these assigned responsibilities, the Secretary of Defense is authorized to utilize the following:

(i) The Defense Intelligence Agency (whose functions, authorities and responsibilities are currently publicly assigned by Department of Defense Directive No. 5105.21) to:

(A) Produce or provide military intelligence for the Secretary of Defense, the Joint Chiefs of Staff, other Defense components, and, as appropriate, non-Defense agencies.

(B) Coordinate all Department of Defense intelligence collection requirements and manage the Defense Attache system.

(C) Establish substantive intelligence priority goals and objectives for the Department of Defense and provide guidance on substantive intelligence matters to all major Defense intelligence activities.

(D) Review and maintain cognizance over all plans, policies and procedures for noncryptologic intelligence functions of the Department of Defense.

(E) Provide intelligence staff support as directed by the Joint Chiefs of Staff.

(ii) The National Security Agency, whose functions, authorities and responsibilities shall include:

(A) Establishment and operation of an effective unified organization for the signals intelligence activities of the United States Government, except for certain operations which are normally exercised through appropriate elements of the military command structure, or by the CIA.

(B) Exercise control over signals intelligence collection and processing activities of the Government, delegating to an appropriate agent specified resources for such periods and tasks as required for the direct support of military commanders.

(C) Collection, processing and dissemination of signals intelligence in accordance with objectives, requirements, and priorities established by the Director of Central Intelligence.

(D) Dissemination of signals intelligence to all authorized elements of the Government, including the Armed Services, as requested.

(E) Serving under the Secretary of Defense as the central communications security authority of the United States Government.

(F) Conduct of research and development to meet the needs of the United States for signals intelligence and communications security.

(iii) Special offices for the collection of specialized intelligence through reconnaissance programs, whose functions, authorities, and responsibilities shall include:

(A) Carrying out consolidated programs for reconnaissance.

(B) Assigning responsibility to the various departments and agencies of the Government, according to their capabilities, for the research, development, procurement, operations and control of designated means of collection.

(iv) Such other offices within the Department of Defense as shall be deemed appropriate for conduct of the intelligence missions and responsibilities assigned to the Secretary of Defense.

(f) Energy Research and Development Administration. The Administrator of the Energy Research and Development Administration shall:

(i) Produce intelligence required for the execution of his responsibilities and the mission of the Energy Research and Development Administration, hereinafter referred to as ERDA, including the area of nuclear and atomic energy.

(2) Disseminate such intelligence and provide technical and analytical expertise to other Intelligence Community organizations and be responsive to the guidance of the Director of Central Intelligence and the Committee on Foreign Intelligence.

(3) Participate with other Intelligence Community agencies and departments in formulating collection requirements where its special technical expertise can contribute to such collection requirements.

(g) The Federal Bureau of Investigation. Under the supervision of the Attorney General and pursuant to such regulations as the Attorney General may establish, the Director of the FBI shall:

(1) Detect and prevent espionage, sabotage, subversion, and other unlawful activities by or on behalf of foreign powers through such lawful counterintelligence operations within the United States, including electronic surveillance, as are necessary or useful for such purposes.

(2) Conduct within the United States and its territories, when requested by officials of the Intelligence Community designated by the President, those lawful activities, including electronic surveillance, authorized by the President and specifically approved by the Attorney General, to be undertaken in support of foreign intelligence collection requirements of other intelligence agencies.

(3) Collect foreign intelligence by lawful means within the United States and its territories when requested by officials of the Intelligence Community designated by the President to make such requests.

(4) Disseminate, as appropriate, foreign intelligence and counterintelligence information which it acquires to appropriate Federal agencies, State and local law enforcement agencies and cooperating foreign governments.

(5) Carry out or contract for research, development and procurement of technical systems and devices relating to the functions authorized above.

Sec. 5. Restrictions on Intelligence Activities. Information about the capabilities, intentions and activities of other governments is essential to informed decision-making in the field of national defense and foreign relations. The measures employed to acquire such information should be responsive to the legitimate needs of our Government and must be conducted in a manner which preserves and respects our established concepts of privacy and our civil liberties.

Recent events have clearly indicated the desirability of government-wide direction which will ensure a proper balancing of these interests. This section of this Order does not authorize any activity not previously authorized

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and does not provide exemption from any restrictions otherwise applicable. Unless otherwise specified, the provisions of this section apply to activities both inside and outside the United States. References to law are to applicable laws of the United States.

(a) Definitions. As used in this section of this Order, the following terms shall have the meanings ascribed to them below:

(1) "Collection" means any one or more of the gathering, analysis, dissemination or storage of non-publicly available information without the informed express consent of the subject of the information.

(2) "Counterintelligence" means information concerning the protection of foreign intelligence or of national security information and its collection from detection or disclosure.

(3) "Electronic surveillance" means acquisition of a non-public communication by electronic means, without the consent of a person who is a party to, or, in the case of a non-electronic communication, visibly present at, the communication.

(4) "Employee" means a person employed by, assigned or detailed to, or acting for a United States foreign intelligence agency.

(5) "Foreign intelligence" means information concerning the capabilities, intentions and activities of any foreign power, or of any non-United States person, whether within or outside the United States, or concerning areas outside the United States.

(6) "Foreign intelligence agency" means the Central Intelligence Agency, National Security Agency, and Defense Intelligence Agency; and further includes any other department or agency of the United States Government or component thereof while it is engaged in the collection of foreign intelligence or counter-intelligence, but shall not include any such department, agency or component thereof to the extent that it is engaged in its authorized civil or criminal law enforcement functions; nor shall it include in any case the Federal Bureau of Investigation.

(7) "National security information" has the meaning ascribed to it in Executive Order No. 11652, as amended.

(8) "Physical surveillance" means continuing visual observation by any means; or acquisition of a non-public communication by a person not a party thereto or visibly present thereat through any means which does not involve electronic surveillance.

(9) "United States person" means United States citizens, aliens admitted to the United States for permanent residence and corporations or other organizations incorporated or organized in the United States.

(b) Restrictions on Collection. Foreign intelligence agencies shall not engage in any of the following activities:

(1) Physical surveillance directed against a United States person, unless it is a lawful surveillance conducted pursuant to procedures approved by the head of the foreign intelligence agency and directed against any of the following:

(i) A present or former employee of such agency, its present or former contractors or their present or former employees, for the purpose of protecting foreign intelligence or counterintelligence sources or methods or national security information from unauthorized disclosure; or

(ii) a United States person, who is in contact with either such a present or former contractor or employee or with a non-United States person who is the subject of a foreign intelligence or counterintelligence inquiry, but only to the extent necessary to identify such United States person; or

(iii) a United States person outside the United States who is reasonably believed to be acting on behalf

of a foreign power or engaging in international terrorist or narcotics activities or activities threatening the national security.

(2) Electronic surveillance to intercept a communication which is made from, or is intended by the sender to be received in, the United States, or directed against United States persons abroad, except lawful electronic surveillance under procedures approved by the Attorney General; provided, that the Central Intelligence Agency shall not perform electronic surveillance within the United States, except for the purpose of testing equipment under procedures approved by the Attorney General consistent with law.

(3) Unconsented physical searches within the United States; or unconsented physical searches directed against United States persons abroad, except lawful searches under procedures approved by the Attorney General.

(4) Opening of mail or examination of envelopes of mail in United States postal channels except in accordance with applicable statutes and regulations.

(5) Examination of Federal tax returns or tax information except in accordance with applicable statutes and regulations.

(6) Infiltration or undisclosed participation within the United States in any organization for the purpose of reporting on or influencing its activities

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or members; except such infiltration or participation with respect to an organization composed primarily of non-United States persons which is reasonably believed to be acting on behalf of a foreign power.

(7) Collection of information, however acquired, concerning the domestic activities of United States persons except:

(i) Information concerning corporations or other commercial organizations which constitutes foreign intelligence or counterintelligence.

(ii) Information concerning present or former employees, present or former contractors or their present or former employees, or applicants for any such employment or contracting, necessary to protect foreign intelligence or counterintelligence sources or methods or national security information from unauthorized disclosure; and the identity of persons in contact with the foregoing or with a non-United States person who is the subject of a foreign intelligence or counterintelligence inquiry.

(iii) Information concerning persons who are reasonably believed to be potential sources or contacts, but only for the purpose of determining the suitability or credibility of such persons.

(iv) Foreign intelligence or counterintelligence gathered abroad or from electronic surveillance conducted in compliance with Section 5(b)(2); or foreign intelligence acquired from cooperating sources in the United States.

(v) Information about a United States person who is reasonably believed to be acting on behalf of a foreign power or engaging in international terrorist or narcotics activities.

(vi) Information concerning persons or activities that pose a clear threat to foreign intelligence agency facilities or personnel, provided, that such information is retained only by the foreign intelligence agency threatened and that proper coordination with the Federal Bureau of Investigation is accomplished.

(c) Dissemination and Storage. Nothing in this section of this Order shall prohibit:

(1) Lawful dissemination to the appropriate law enforcement agencies of incidentally gathered information indicating involvement in activities which may be in violation of law.

(2) Storage of information required by law to be retained.

(3) Dissemination to foreign intelligence agencies of information of the subject matter types listed in Section 5(b)(7).

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(d) Restrictions on Experimentation. Foreign intelligence agencies shall not engage in experimentation with drugs on human subjects, except with the informed consent, in writing and witnessed by a disinterested third party, of each such human subject and in accordance with the guidelines issued by the National Commission for the Protection of Human Subjects for Biomedical and Behavioral Research.

(e) Assistance to Law Enforcement Authorities.

(1) No foreign intelligence agency shall, except as expressly authorized by law (i) provide services, equipment, personnel or facilities to the Law Enforcement Assistance Administration or to State or local police organizations of the United States or (ii) participate in or fund any law enforcement activity within the United States.

(2) These prohibitions shall not, however, preclude: (i) cooperation between a foreign intelligence agency and appropriate law enforcement agencies for the purpose of protecting the personnel and facilities of the foreign intelligence agency or preventing espionage or other criminal activity related to foreign intelligence or counterintelligence or (ii) provision of specialized equipment or technical knowledge for use by any other Federal department or agency.

(f) Assignment of Personnel. An employee of a foreign intelligence agency detailed elsewhere within the Federal Government shall be responsible to the host agency and shall not report to such employee's parent agency on the affairs of the host agency, except as may be directed by the latter. The head of the host agency, and any successor, shall be informed of the detailee's association with the parent agency.

(g) Prohibition of Assassination. No employee of the United States Government shall engage in, or conspire to engage in, political assassination.

(h) Implementation.

(1) This section of this Order shall be effective on March 1, 1976. Each department and agency affected by this section of this Order shall promptly issue internal directives to implement this section with respect to its foreign intelligence and counterintelligence operations.

(2) The Attorney General shall, within ninety days of the effective date of this section of this Order, issue guidelines relating to activities of the Federal Bureau of Investigation in the areas of foreign intelligence and counterintelligence.

Sec. 6. Oversight of Intelligence Organizations.

(a) There is hereby established an Intelligence Oversight Board, hereinafter referred to as the Oversight Board.

(1) The Oversight Board shall have three members who shall be appointed by the President and who shall be from outside the Government and be qualified on the basis of ability, knowledge, diversity of background and experience. The members of the Oversight Board may also serve on the President's Foreign Intelligence Advisory Board (Executive Order No. 11460 of March 20, 1969). No member of the Oversight Board shall have any personal contractual relationship with any agency or department of the Intelligence Community.

(2) One member of the Oversight Board shall be designated by the President as its Chairman.

(3) The Oversight Board shall:

(i) Receive and consider reports by Inspectors General and General Counsels of the Intelligence Community concerning activities that raise questions of legality or propriety.

(ii) Review periodically the practices and procedures of the Inspectors General and General Counsels of the Intelligence Community designed to discover and report to the Oversight Board activities that raise questions of legality or propriety.

(iii) Review periodically with each member of the Intelligence Community their internal guidelines to ensure their adequacy.

(iv) Report periodically, at least quarterly, to the Attorney General and the President on its findings.

(v) Report in a timely manner to the Attorney General and to the President any activities that raise serious questions about legality.

(vi) Report in a timely manner to the President any activities that raise serious questions about propriety.

(b) Inspectors General and General Counsels within the Intelligence Community shall:

(1) Transmit to the Oversight Board reports of any activities that come to their attention that raise questions of legality or propriety.

(2) Report periodically, at least quarterly, to the Oversight Board on its findings concerning questionable activities, if any.

(3) Provide to the Oversight Board all information requested about activities within their respective departments or agencies.

(4) Report to the Oversight Board any occasion on which they were directed not to report any activity to the Oversight Board by their agency or department heads.

(5) Formulate practices and procedures designed to discover and report to the Oversight Board activities that raise questions of legality or propriety.

(c) Heads of intelligence agencies or departments shall:

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(1) Report periodically to the Oversight Board on any activities of their organizations that raise questions of legality or propriety.

(2) Instruct their employees to cooperate fully with the Oversight Board.

(3) Ensure that Inspectors General and General Counsels of their agencies have access to any information necessary to perform their duties assigned by paragraph (4) of this section.

(d) The Attorney General shall:

(1) Receive and consider reports from the Oversight Board.

(2) Report periodically, at least quarterly, to the President with respect to activities of the Intelligence Community, if any, which raise questions of legality.

(e) The Oversight Board shall receive staff support. No person who serves on the staff of the Oversight Board shall have any contractual or employment relationship with any department or agency in the Intelligence Community.

(f) The President's Foreign Intelligence Advisory Board established by Executive Order No. 11460 of March 20, 1969, remains in effect.

Sec. 7. Secrecy Protection.

(a) In order to improve the protection of sources

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and methods of intelligence, all members of the Executive branch and its contractors given access to information containing sources or methods of intelligence shall, as a condition of obtaining access, sign an agreement that they will not disclose that information to persons not authorized to receive it.

(b) In the event of any unauthorized disclosure of information concerning sources or methods of intelligence, the names of any persons found to have made unauthorized disclosure shall be forwarded (1) to the head of applicable departments or agencies for appropriate disciplinary action; and (2) to the Attorney General for appropriate legal action.

(c) In the event of any threatened unauthorized disclosure of information concerning sources or methods of intelligence by a person who has agreed not to make such disclosure, the details of the threatened disclosure shall be transmitted to the Attorney General for appropriate legal action, including the seeking of a judicial order to prevent such disclosure.

(d) In further pursuit of the need to provide protection for other significant areas of intelligence, the Director of Central Intelligence is authorized to promulgate rules and regulations to expand the scope of agreements secured from those persons who, as an aspect of their relationship with the United States Government, have access to classified intelligence material.

Sec. 8. Enabling Data.

(a) The Committee on Foreign Intelligence and the Director of Central Intelligence shall provide for detailed implementation of this Order by issuing appropriate directives.

(b) All existing National Security Council and Director of Central Intelligence directives shall be amended to be consistent with this Order within ninety days of its effective date.

(c) This Order shall supersede the Presidential Memorandum of November 5, 1971, on the "Organization and Management of the U.S. Foreign Intelligence Community."

(d) Heads of departments and agencies within the Intelligence Community shall issue supplementary directives to their organizations consistent with this Order within ninety days of its effective date.

(e) This Order will be implemented within current manning authorizations of the Intelligence Community. To this end, the Director of the Office of Management and Budget will facilitate the required realignment of personnel positions. The Director of the Office of Management and Budget will also assist in the allocation of appropriate facilities.

Gerald R. Ford

THE WHITE HOUSE,
February 18, 1976.

[FR Doc.76-5010 Filed 2-18-76;12:36 pm]

Editorial Note: For the President's remarks at his news conference of February 17, 1976, announcing a reorganization of the intelligence community, see the Weekly Compilation of Presidential Documents (vol. 12, no. 7).

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EXHIBIT JMP-104

National Security Council Structure

Statement on the Issuance of a Presidential Directive. January 12, 1982

I. National Security Council

The National Security Council (NSC) shall be the principal forum for consideration of national security policy issues requiring Presidential decision.

The functions and responsibilities of the NSC shall be as set forth in the National Security Act of 1947, as amended.

The NSC shall meet regularly. Those heads of departments and agencies who are not regular members shall participate as appropriate, when matters affecting their departments or agencies are considered.

The Assistant to the President for National Security Affairs, in consultation with the regular members of the NSC, shall be responsible for developing, coordinating, and implementing national security policy as approved by me. He shall determine and publish the agenda of NSC meetings. He shall ensure that the necessary papers are prepared and—except in unusual circumstances—distributed in advance to Council members. He shall staff and administer the National Security Council.

Decision documents shall be prepared by the Assistant to the President for National Security Affairs, and disseminated by him after approval by the President.

II. NSC Responsibilities of the Secretary of State

The Secretary of State is my principal foreign policy adviser. As such, he is responsible for the formulation of foreign policy and for the execution of approved policy.

I have assigned to the Secretary of State authority and responsibility, to the extent permitted by law, for the overall direction, coordination, and supervision of the interdepartmental activities incident to foreign policy formulation, and the activities of executive departments and agencies of the United States overseas. Such activities do not include those of United States military forces operating in the field under the command of a United States area military commander, and such other military activities as I elect, as Commander in Chief, to conduct exclusively through military or other channels. Activities that are internal to the execution and administration of the approved programs of a single department or agency and which are not of such nature as to affect significantly the overall U.S. overseas program in a country or region are not considered to be activities covered within the meaning of this directive.

The Secretary of State is responsible for preparation of those papers addressing matters affecting the foreign policy and foreign relations of the United States for consideration by the NSC.

III. NSC Responsibilities of the Secretary of Defense

The Secretary of Defense is my principal defense policy adviser. As such, he is responsible for the formulation of general defense policy, policy related to all matters of direct and primary concern to the Department of Defense, and for the execution of approved policy. The Joint Chiefs of Staff are the principal military advisers to me, the Secretary of Defense, and the NSC.

I have assigned to the Secretary of Defense authority and responsibility, to the extent permitted by law, for the overall direction, coordination, and supervison of the interdepartmental activities incident to defense policy formulation.

The Secretary of Defense is responsible for preparation of those papers addressing matters affecting the defense policy of the United States for consideration by the NSC.

IV. NSC Responsibilities of the Director of Central Intelligence

The Director of Central Intelligence is my principal adviser on intelligence matters. As such, he is responsible for the formulation of intelligence activities, policy, and proposals, as set forth in relevant Executive orders. I have assigned to the Director of Central Intelligence authority and responsibility, to the extent permitted by law and Executive order, for the overall direction, coordination, and supervision of the interdepartmental activities incident to intelligence matters.

The Director of Central Intelligence is responsible for the preparation of those papers addressing matters affecting the intelligence activities, policy, and proposals of

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the United States for consideration by the NSC.

V. Interagency Groups

To assist the NSC at large and its individual members in fulfilling their responsibilities, interagency groups are established as described herein. The focus of these interagency groups is to establish policy objectives, develop policy options, make appropriate recommendations, consider the implications of agency programs for foreign policy or overall national security policy, and undertake such other activities as may be assigned by the NSC.

A. The Senior Interagency Group—Foreign Policy (SIG–FP)

To advise and assist the NSC in exercising its authority and discharging its responsibility for foreign policy and foreign affairs matters, the SIG–FP is established. The SIG–FP shall be composed of the Director of Central Intelligence; the Assistant to the President for National Security Affairs; the Deputy Secretary of State (Chairman); the Deputy Secretary of Defense or Under Secretary of Defense for Policy; and the Chairman, Joint Chiefs of Staff. Representatives of other departments and agencies with responsibility for specific matters to be considered will attend on invitation by the Chairman.

When meeting to consider arms control matters, the Group will be augmented by the Director, Arms Control and Disarmament Agency.

The SIG–FP will:

1. Ensure that important foreign policy issues requiring interagency attention receive full, prompt, and systematic consideration;

2. Deal with interdepartmental matters raised by any member or referred to it by subordinate interagency groups, or, if such matters require higher level consideration, report them to the Secretary of State for decision or referral to the NSC;

3. Assure a proper selectivity of the foreign policy/foreign affairs areas and issues to which the United States applies its efforts;

4. Monitor the execution of approved policies and decisions; and

5. Evaluate the adequacy and effectiveness of interdepartmental overseas programs and activities.

A permanent secretariat, composed of personnel of the State Department augmented as necessary by personnel provided in response to the Chairman's request by the departments and agencies represented on the SIG–FP, shall be established.

B. The Senior Interagency Group—Defense Policy (SIG–DP)

To advise and assist the NSC in exercising its authority and discharging its responsibility for defense policy and defense matters, the SIG–DP is established. The SIG–DP shall consist of the Director of Central Intelligence; the Assistant to the President for National Security Affairs; the Deputy or an Under Secretary of State; the Deputy Secretary of Defense (Chairman); and the Chairman, Joint Chiefs of Staff. Representatives of other departments and agencies with responsibility for specific matters to be considered will attend on invitation by the Chairman.

The SIG–DP will:

1. Ensure that important defense policy issues requiring interagency attention receive full, prompt, and systematic consideration;

2. Deal with interdepartmental matters raised by any member or referred to it by subordinate interagency groups, or if such matters require higher level consideration, report them to the Secretary of Defense for decision or referral to the NSC; and

3. Monitor the execution of approved policies and decisions.

A permanent secretariat, composed of personnel of the Department of Defense augmented as necessary by personnel provided in response to the Chairman's request by the departments and agencies represented on the SIG–DP, shall be established.

C. The Senior Interagency Group—Intelligence (SIG–I)

To advise and assist the NSC in exercising its authority and discharging its responsibility for intelligence policy and intelligence matters, the SIG–I is established. The SIG–I shall consist of the Director of Central Intelligence (Chairman); the Assistant to the President for National Security Affairs; the Deputy Secretary of State; the Deputy Sec-

retary of Defense; and the Chairman, Joint Chiefs of Staff. Representatives of other departments and agencies will attend on invitation by the Chairman when such departments and agencies have a direct interest in intelligence activities under consideration.

When meeting to consider sensitive intelligence collection activities referred by the Director of Central Intelligence, the membership of the Group shall be augmented, as necessary, by the head of each organization within the intelligence community directly involved in the activity in question. When meeting to consider counterintelligence activities, the Group shall be augmented by the Director, Federal Bureau of Investigation, and the Director, National Security Agency.

The SIG–I will:

1. Establish requirements and priorities for national foreign intelligence;

2. Review such National Foreign Intelligence Program and budget proposals and other matters as are referred to it by the Director of Central Intelligence;

3. Review proposals for sensitive foreign intelligence collection operations referred by the Director of Central Intelligence;

4. Develop standards and doctrine for the counterintelligence activities of the United States; resolve interagency differences concerning the implementation of counterintelligence policy; and develop and monitor guidelines, consistent with applicable law and Executive orders, for the maintenance of central counterintelligence records;

5. Consider and approve any counterintelligence activity referred to the Group by the head of any organization in the intelligence community;

6. Submit to the NSC an overall, annual assessment of the relative threat to United States interests from intelligence and security services of foreign powers and from international terrorist activities, including an assessment of the effectiveness of the United States counterintelligence activities;

7. Conduct an annual review of ongoing, sensitive, national foreign intelligence collection operations and sensitive counterintelligence activities and report thereon to the NSC; and

8. Carry out such additional coordination review and approval of intelligence activities as the President may direct.

A permanent secretariat, composed of personnel of the Central Intelligence Agency augmented as necessary by personnel provided in response to the Chairman's request by the departments and agencies represented on the SIG–I, shall be established.

D. Regional and Functional Interagency Groups

To assist the SIG–FP, Interagency Groups (IG's) shall be established by the Secretary of State for each geographic region corresponding to the jurisdiction of the geographic bureaus in the Department of State, for Political-Military Affairs, and for International Economic Affairs. Each IG shall be comprised of the Director of Central Intelligence; the Assistant to the President for National Security Affairs; the Chairman, Joint Chiefs of Staff; the appropriate Assistant Secretary of State (Chairman); and a designated representative of the Secretary of Defense. Representatives of other departments and agencies with responsibility for specific matters to be considered will attend on invitation by the Chairman. The IG for International Economic Affairs will, in addition to the above membership, include representatives of the Secretary of the Treasury, the Secretary of Commerce, and the U.S. Trade Representative.

IG's for arms control matters will, in addition to the above membership, include a representative of the Director, Arms Control and Disarmament Agency. Arms control IG's will be chaired by the representative of the Secretary of State or the representative of the Director, Arms Control and Disarmament Agency, in accordance with guidelines to be provided by the SIG–FP.

To assist the SIG–DP, IG's shall be established by the Secretary of Defense corresponding to the functional areas within the Department of Defense. Each IG shall be comprised of the appropriate Under or Assistant Secretary of Defense (Chairman); a representative of the Secretary of State; the Director of Central Intelligence; the Assistant to the President for National Security Affairs; and the Chairman, Joint Chiefs of

Staff. Representatives of other departments and agencies will attend on invitation by the Chairman.

Under and Assistant Secretaries, in their capacities as Chairmen of the IG's, will assure the adequacy of United States policy in the areas of their responsibility and of the plans, programs, resources, and performance for implementing that policy. They will be responsible for the conduct of interagency policy studies within the areas of their responsibility for consideration by the SIG.

The Regional IG's also shall prepare contingency plans pertaining to potential crises in their respective areas of responsibility. Contingency planning will be conducted in coordination with the Chairman of the Political-Military IG, with the exception of the military response option for employment of forces in potential crises, which will remain within the purview of the Department of Defense and will be developed by the Joint Chiefs of Staff.

To deal with specific contingencies, the IG's will establish full-time working groups, which will provide support to the crisis management operations of the NSC. These groups will reflect the institutional membership of the parent body, together with such additional members as may be required to respond to the contingency with the full weight of available expertise.

To assist the SIG–I, IG's shall be established by the Director of Central Intelligence. The IG for Counterintelligence shall consist of representatives of the Secretary of State; Secretary of Defense; the Director of Central Intelligence; the Director, Federal Bureau of Investigation; the Assistant to the President for National Security Affairs; Chairman, Joint Chiefs of Staff; the Director, National Security Agency; and a representative of the head of any other intelligence community organization directly involved in the activities under discussion. The IG for Counterintelligence will be under the chairmanship of the representative of the Director of Central Intelligence or the Director, Federal Bureau of Investigation, in accordance with guidelines to be provided by the SIG–I.

The operational responsibility or authority of a Secretary or other agency head over personnel from the department or agency concerned serving on IG's—including the authority to give necessary guidance to the representatives in the performance of IG duties—is not limited by this directive.

Protection of Classified National Security Council and Intelligence Information

Statement on the Issuance of a Presidential Directive. January 12, 1982

Unauthorized disclosure of classified information under the jurisdiction of the National Security Council and of classified intelligence reports is a problem of major proportions within the U.S. Government. The Constitution of the United States provides for the protection of individual rights and liberties, including freedom of speech and freedom of the press, but it also requires that Government functions be discharged efficiently and effectively, especially where the national security is involved. As President of the United States, I am responsible for honoring both constitutional requirements, and I intend to do so in a balanced and careful manner. I do not believe, however, that the Constitution entitles Government employees, entrusted with confidential information critical to the functioning and effectiveness of the Government, to disclose such information with impunity. Yet this is precisely the situation we have. It must not be allowed to continue.

To this end, I hereby establish and direct implementation of the following policies.

Contacts with the Media

All contacts with any element of the news media in which classified National Security Council matters or classified intelligence information are discussed will require the advance approval of a senior official. An administrative memorandum will be prepared as soon as possible after the contact, recording the subjects discussed and all information provided to the media representatives.

Access

The unauthorized disclosure of classified National Security Council information, doc-

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uments, and deliberations requires further control to limit access and to ensure an accurate record of those who have had access. The number of officials with access to documents relating to NSC matters will be kept to the minimum essential to the orderly conduct of the Government's business.

Investigations

The Government's lack of success in identifying the sources of unauthorized disclosure of classified National Security Council information and documents of classified intelligence information must be remedied and appropriate disciplinary measures taken. Henceforth, in the event of unauthorized disclosure of such information, Government employees who have had access to that information will be subject to investigation, to include the use of all legal methods.

Applicability and Implementation

The provisions of this directive shall be effective immediately and shall apply to all employees of, and elements within agencies participating in the National Security Council system, including the Executive Office of the President. The Assistant to the President for National Security Affairs is directed to establish the detailed procedures to implement policies.

President's Commission on Housing

Executive Order 12339. January 13, 1982

By the authority vested in me as President of the United States of America and in accordance with the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), in order to increase the membership of the President's Commission on Housing by eight members Section 1(a) of Executive Order No. 12310 of June 16, 1981, is hereby amended to read as follows:

"Section 1. *Establishment.* (a) There is established the President's Commission on Housing. The Commission shall be composed of not more than thirty (30) members from private life and from State and local governments who shall be appointed by the President.".

Ronald Reagan

The White House,
January 13, 1982.

[*Filed with the Office of the Federal Register, 9:18 a.m., January 15, 1982*]

President's Commission on Housing

Appointment of Five Members. January 13, 1982

The President today announced his intention to appoint the following individuals to be members of the President's Commission on Housing:

Herbert Barness is chairman of the board, the Barness Organization, Warrington, Pa. Mr. Barness specializes in all phases of real estate financing, brokerage, development, and property management. He is married, has two children, and resides in Dolestown, Pa. He was born December 1, 1923.

Robert G. Boucher is president and chairman of the board, 1st Denver Mortgage Co., Denver, Colo. Mr. Boucher is immediate past president of the Mortgage Bankers Association of America. He is married, has three children, and resides in Englewood, Colo. He was born April 25, 1924.

Robert F. Hatch is executive vice president, Cambrian Energy Systems, Inc., Culver City, Calif. Mr. Hatch was vice president and member of the board of directors, George Elkins Co., a diversified real estate company in 1978–79. He is married, has three children, and resides in Los Angeles, Calif. He was born August 27, 1934.

Charles E. Klumb has been president, Klumb Lumber Co., Biloxi, Miss., since 1953. Mr. Klumb is past president of the North American Wholesale Lumber Association and the Mississippi Lumber Manufacturers. He is married, has four children, and resides in Biloxi. He was born August 19, 1927.

EXHIBIT JMP-105

Assistant to the President for National Security Affairs

Statement by the Principal Deputy Press Secretary on the Resignation of Richard V. Allen and the Designation of William P. Clark for the Position. January 4, 1982

The President today accepted with deep regret the resignation of Richard V. Allen as Assistant to the President for National Security Affairs.

In his place, the President named William P. Clark, currently Deputy Secretary of State, to become his new national security adviser.

In a private meeting this afternoon, the President told Mr. Allen that he greatly appreciated the service that he had performed for him over the past year and in earlier years. In the President's view, Mr. Allen has made an outstanding contribution to the construction and development of a strong national security policy for the Nation.

The President also reported to Mr. Allen his pleasure that both the investigation by the Justice Department and a recently completed study by the White House Counsel's office had revealed no wrongdoing on Mr. Allen's part.

At the same time, both Mr. Allen and he agreed that, in view of the controversy of recent weeks, it would be better for all concerned to seek a change in responsibilities. Toward that end, the President asked Mr. Allen to serve as his consultant for an indefinite period to assist in the organization of the President's Foreign Intelligence Advisory Board.

Mr. Clark brings to his new post at the White House a distinguished record of service in California and, more recently, at the State Department.

In consultation with the members of the National Security Council, Mr. Clark in his new role will be responsible for the development, coordination, and implementation of national security policy, as approved by the President. In addition, he will be responsible for providing staff support and for administering the National Security Council. As Assistant to the President for National Security Affairs, Mr. Clark will have a direct reporting relationship to the President.

This expanded role for the Assistant to the President for National Security Affairs, as announced today, will implement recommendations made to the President by the Counsellor to the President, Edwin Meese III, following a review of the national security process.

Assistant to the President for National Security Affairs

Exchange of Letters on the Resignation of Richard V. Allen. January 4, 1982

Dear Dick:

Over the past year, you have served our Nation with great distinction as my assistant for national security affairs. You have provided me with invaluable advice and counsel over the years of our association and I am grateful for your constant loyalty and dedication.

Thus it is with deep regret that I accept your resignation as Assistant to the President for National Security Affairs. I am pleased, however, that you will continue to serve our Administration in a new assignment.

As you leave your post, I want you to know that you do so with my confidence, trust and admiration for your personal integrity and your exemplary service to the Nation.

Nancy and I extend our best wishes to you and your family.

Sincerely,

/s/ Ron

[Mr. Richard V. Allen, Assistant to the President for National Security Affairs, The White House, Washington, D.C. 20500]

Dear Mr. President,

I herewith submit to you my resignation as Assistant to the President for National Security Affairs.

It has been a rare privilege and a high honor to serve in your Administration, and before that in the years of your campaign

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for the Presidency. You have created memories which will accompany me and my family forever, and your trust and confidence are a source of deep pride and satisfaction.

In accordance with your request that I continue to serve the Administration, I shall be pleased to undertake the interim task we discussed.

Sir, you have my high esteem and my warm good wishes as you continue in the second year of your historic Presidency.

Faithfully,

/s/ Dick
Richard V. Allen

[The President, The White House, Washington, D.C. 20500]

Inter-American Development Bank

Nomination of Hugh W. Foster To Be Alternate Executive Director.
January 5, 1982

The President today announced his intention to nominate Hugh W. Foster to be Alternate Executive Director of the Inter-American Development Bank. He would succeed Eugene Jay Finkel.

Since 1969 Mr. Foster has been with Wells Fargo Bank, San Francisco, Calif. He is currently vice president and area manager, Asia Pacific Division. He was vice president and area manager, Mexico City, in 1978–80; vice president and representative, Mexico City, in 1977–78; vice president and area manager, China Sea Area, in 1975–77; assistant vice president and area manager, Australasia Area, in 1974–75; and assistant vice president and international banking officer, Australia, in 1970–74.

He graduated from Colgate University (A.B., 1965) and Stanford University Graduate School of Business (M.B.A., 1969). He is married, has four children, and resides in San Francisco, Calif. He was born December 13, 1943, in Baltimore, Md.

National Productivity Advisory Committee

Appointment of Harold J. Buoy as a Member. January 5, 1982

The President today announced his intention to appoint Harold J. Buoy to be a member of the National Productivity Advisory Committee.

Mr. Buoy is international president of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, AFL–CIO, an international labor organization of some 150,000 members. For the past 11 years, he has guided the affairs of the International Brotherhood.

Mr. Buoy has spent most of his working life serving the labor movement, beginning his career in 1941 in a boilermaker apprenticeship on the Wabash Railroad.

He served as a member of the 100th Infantry Division, Seventh Army, during World War II. He is married and resides in Kansas City, Kans. He was born July 30, 1921, in Kansas City.

Meeting With Chancellor Helmut Schmidt of the Federal Republic of Germany

Remarks at the Conclusion of the Meeting.
January 5, 1982

The President. Chancellor Schmidt and I have just concluded another of our meetings at a critical moment in world affairs. The primary topic on our minds, of course, was Poland and the imposition of martial law in that unhappy land.

We thoroughly discussed the extent of Soviet involvement in the repression being waged against the Polish people and the need for forceful Western measures to induce both the Polish and Soviet authorities to lift martial law, release all those who have been detained, and permit resumption of a national dialog leading to genuine reform.

In that connection, I reviewed with the Chancellor the series of steps that I had

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Mr. ROYBAL. Thank you. Next we will hear from The White House Office.

Mr. HICKS. Thank you, Mr. Chairman. The mission of the White House Office is to provide staff assistance and administrative services for the direct support of the President of the United States.

The fiscal year 1987 budget request for the White House Office totals $25,179,000. Compared to the past two years, this request is slightly less than was appropriated for fiscal year 1985 and is a one percent, or $275,000, increase over the fiscal year 1986 enacted amount of $24,906,000. In compliance with the Gramm-Rudman Hollings legislation, the enacted fiscal year 1986 appropriation was reduced by $1,071,000 to $23,835,000.

The requested increase for fiscal year 1987 is due primarily to partial restoration of the funding for the five percent pay reduction that was proposed for Fiscal Year 1986, but not enacted, and to increased costs for telephone service and other leased equipment.

The requested funds will provide for 322 full-time permanent positions. This staffing level has remained unchanged since fiscal year 1982.

We have tried to keep this budget request to a minimum, including in it only those costs which are absolutely essential for the continuation of the important functions of the White House Office.

In closing, let me say that I am grateful to the Committee for your past support, and I look forward to your continued support of our future operation.

ORGANIZATIONAL STRUCTURE

Mr. ROYBAL. Thank you, Mr. Hicks. Would you please provide, as you have in other years, an organizational chart with the heads of each of the offices listed and the number of employees in each office?

Mr. HICKS. I will be happy to do that. As in the past, the number of people assigned to various offices fluctuates, so I will be able to give you that snapshot as of a given period of time.

Mr. ROYBAL. I would also like to know how many employees there are that are assigned to the White House Office from other agencies.

Mr. HICKS. Currently, we have 19 reimbursable detailees.

Mr. ROYBAL. All right. Will you then in that organizational chart list, not necessarily the names but their positions or titles?

Mr. HICKS. Of the detailees?

Mr. ROYBAL. Of the detailees, yes.

Mr. HICKS. We would be happy to provide that for you.

[The information follows:]

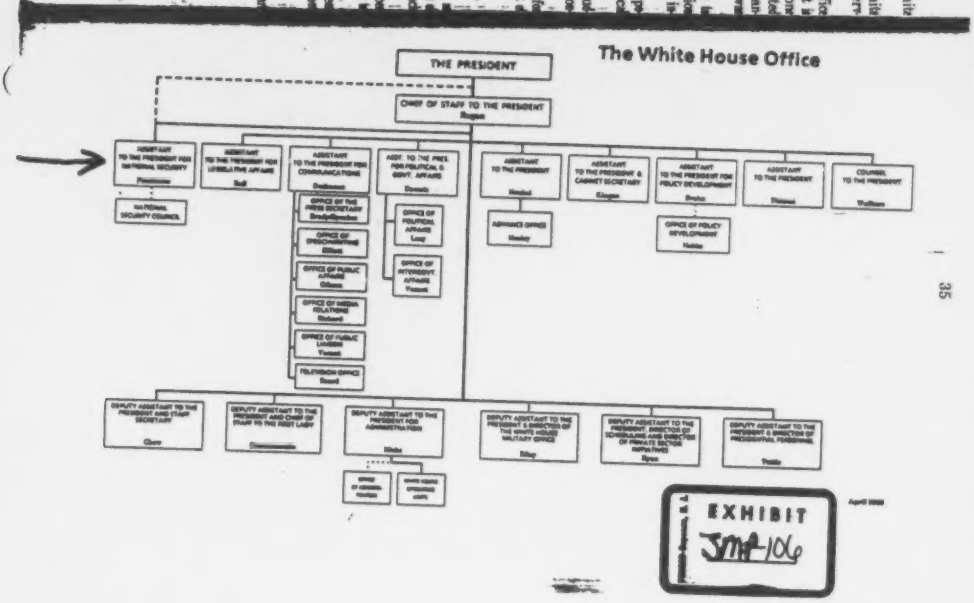


EXHIBIT
JMP-106

White House Office
Organization Functions and
Number of Permanent Employees and Detailees
As of February 1, 1986

Chief of Staff (10 employees) -- Provides advice to the President and directs the activities of the White House staff.

Assistant to the President for National Security (2 employees, 1 detailee) -- Provides advice to the President on national security issues.

Assistant to the President for Legislative Affairs (26 employees, 1 detailee) -- Provides legislative advice to the President and coordinates legislative issues.

Assistant to the President for Communications (65 employees) -- Provides advice to the President on communication with the public, the news media, federal agencies and other groups and constituencies.

Office of the Press Secretary (3 detailees) -- Provides coordination between the White House and the national news media.

Office of Speechwriting -- Drafts speeches for the President.

Office of Public Affairs -- Coordinates public affairs statements from the White House throughout the Administration.

Office of Media Relations -- Coordinates relationships between the White House and other-than-national-news media.

Office of Public Liaison (9 detailees) -- Provides coordination and liaison between the President and various public groups and constituencies.

Television Office -- Coordinates the televised activities of the President.

Assistant to the President for Political and Governmental Affairs (18 employees) -- Provides advice to the President on political and intergovernmental relations.

Office of Political Affairs -- Provides coordination and liaison between the President and national, state and local political organizations.

Office of Intergovernmental Affairs (2 detailees) -- Provides coordination and liaison between the President and State and local governments.

Assistant to the President and Advance Office (14 employees, 1 detailee) -- Coordinates the movement of the President to scheduled activities and events.

Assistant to the President and Cabinet Secretary (1 employee) -- Coordinates the activities of the Cabinet, and oversees the Domestic Policy Council and Economic Policy Council.

Assistant to the President for Policy Development (1 employee) -- Provides advice to the President on policy issues.

Counsel to the President (15 employees) -- Provides legal advice to the President and White House staff.

Deputy Assistant to the President and Staff Secretary (3 employees) -- Provides coordination of memoranda and informational and other decision materials for the President.

Deputy Assistant to the President and Chief of Staff to the First Lady (16 employees, 1 detailee) -- Provides staff support to the First Lady.

Deputy Assistant to the President for Administration (122 employees) -- Manages the administrative operating units of the White House Office.

Administrative Office -- Provides general administrative, personnel, telephone, and travel support liaison between the White House staff and the Office of Administration.

Correspondence Office -- Prepares general and special responses to correspondence received by the President.

Executive Clerk -- Reviews, processes, and records all documents signed by the President, insuring their conformity to legal requirements, correct form and proper disposition.

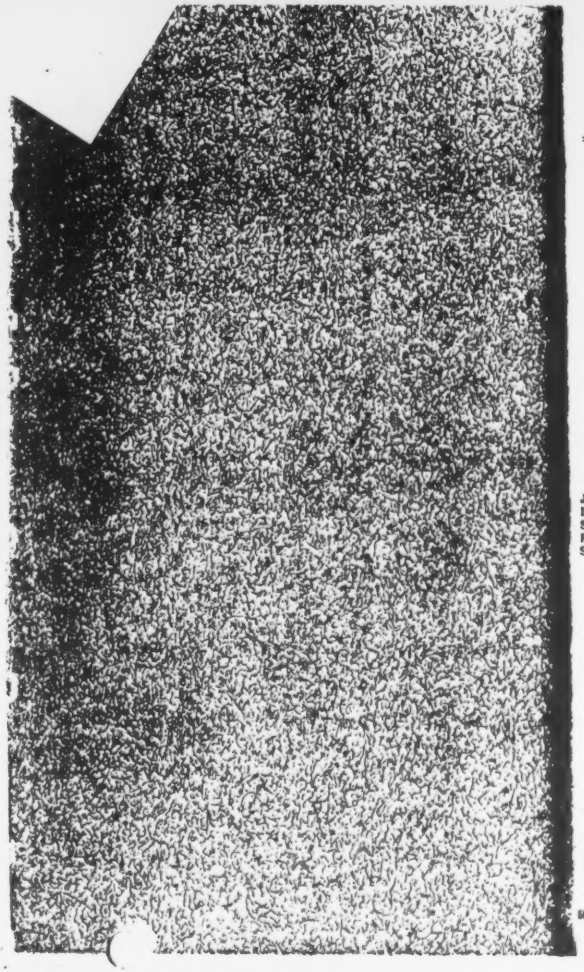
Records Management -- Maintains centralized files of all White House and Presidential documents, records and materials, and prepares them for deposit with the National Archives and presidential libraries.

Visitor's Office -- Coordinates events in the White House involving the general public, including tours.

Photographic Office -- Provides official photographic record of Presidential events and activities.

Deputy Assistant to the President and Director of the White House Military Office (1 detailee)-- Oversees the White House Military Office which provides support to the President in his role as Commander-in-Chief.

897



TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

EDWARD R. ROYBAL, California, *Chairman*

JOSEPH P. ADDABBO, New York
DANIEL K. AKAKA, Hawaii
STENY H. HOYER, Maryland
RONALD D. COLEMAN, Texas
SIDNEY R. YATES, Illinois
JOE SKEEN, New Mexico
BILL LOWERY, California
FRANK R. WOLF, Virginia

AUBREY A. GUNHELS and C. WILLIAM SMITH, *Staff Assistants*

PART 3

EXECUTIVE OFFICE OF THE PRESIDENT AND PUBLIC WITNESSES

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1986

58-971 O

EXHIBIT JMP-107

cc: NSP8T --CPUA PAUL THOMPSON NSDRF --CPUA DON FORTIER

MG FROM: NSJMP --CPUA TO: NSDRF --CPUA 05/02/86 23:01:50
NSDRF --CPUA

*** Reply to note of 05/02/86 19:29

-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: CONTRA PROJECT
When Shultz, Regan and I discussed it yesterdeay on AF-1, we were a bit confused as to whether the expedited procedures in the legislation would apply to this proposal. What pressure would exist on Tip to take action on it? Please talk to Will Ball. What about the idea that Jim Miller and Dennis had about submitting an urgent-urgent supplemental containing among other things the Irish aid package?

Next, yesterday in a meeting that I had with the President, he started the conversation with "I am really serious." "If we can't move the Contra package before June 9, I want to figure out a way to take action uni-laterally to provide assistance." In other words he does not buy the concept of taking actions or talking about pulling out as described in the package. He has been reading Natanyahu's (sp?) book on terrorism and he was taken with the examples of Presidential actions in the past without Congressional approval. He also read an op-ed piece on the same subject. I believe that was the one by Dick Pipes' son. The President is recalling the 506A action we took on Honduras. I told him that I didn't think that it would apply here, since we are not dealing with a government. But the fact remains that the President is ready to confront the Congress on the Copnstitutional question of who controls foreign policy. We need to get Abe Sofaer and other stalwart lawyers thinking in these terms to see if there is some way we could do this, if all else fails.

With your answers to the first question, we will discuss the package on the return trip and be ready to proceed on return. I have George's proxy on the package. George agrees with the President that we have to win some way and we will not pull out.

cc: NSRKS --CPUA RON SABLE NSOLN --CPUA OLLIE NORTH
NSRBM --CPUA ROD MCDANIEL NSP8T --CPUA PAUL THOMPSON
NSWRP --CPUA BOB PEARSON NSFEG --CPUA FLORENCE GANTT

EXHIBIT
JMP-107

[redacted] 5/02/86 23:01:50

UNCLASSIFIED

N 17735

5/6/87

[redacted]

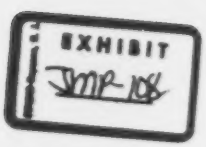
UNCLASSIFIED

869

EXHIBIT JMP-108

TERRORISM
How the West Can Win

EDITED BY
Benjamin Netanyahu



FARRAR · STRAUS · GIROUX
NEW YORK

Constitutional Power and the Defense of Free Government

The Case of Abraham Lincoln

WALTER BERNS

TERRORISM poses basic questions about our capacity to do what is necessary to defend the Constitution and the liberal democracy established under it; by our capacity I mean both the constitutional powers available to us and our willingness to use them.

It is sometimes said by those who argue that the Constitution is out of date that the Founders wrote for a time of muskets and sailing ships and that they could not have anticipated the powers needed to cope with modern conflicts. The world has certainly changed; the world of international politics has, in some respects, changed with it, so much so that we may find it difficult to appreciate the problems our ancestors faced in the eighteenth century. Our diplomats of that time were less likely to be assassinated, but then again, they were more likely to ignore their instructions. In 1791 our first Secretary of State, Thomas Jefferson, complained to William Carmichael, the American minister in Madrid, that he hadn't heard from him in almost two years.

It was a slower world then, but as our Founders saw it, already a world filled with dangers that had to be faced and conquered. And the government they created was designed to do this. As Madison said in a letter to Jefferson: "It is a melancholy reflection

power, which is to be expected in a document so strongly influenced by the political philosophy of John Locke. The legislative power comes first because, according to Locke, the body politic comes into existence only when men, who are by nature subject to no authority, agree to leave the state of nature by surrendering their natural liberties to civil society. The legislative, Locke says, is the "supreme power." This is the origin of the modern doctrine of the rule of law and the supremacy of law, and the Founders recognized that supremacy by giving the lawmaking branch priority of place. They proceeded, however, to establish an executive whose powers, unlike in a parliamentary system, come not from the legislature but from the people.

By making the executive independent, the Founders acknowledged that, however desirable in principle, in practice not all things that government may have to do to advance the public good can be done by law or formulated in law. I hesitate to say this when I lack the space to say it properly, but under our written Constitution, law is not supreme. Above the law, and the lawmaking body, are the people of the United States, whose will is expressed in the written Constitution. The supremacy of the people over the law is apparent in the first sentence of Article I: "All legislative powers herein granted," thereby indicating that certain legislative powers are not granted. But compare this with the first sentence of Article II: "The executive power shall be vested in a President of the United States of America." There is no suggestion here that any part of the executive power is being withheld. And if John Locke was their guide here, as he was elsewhere, the executive power includes the prerogative, "the power to act according to discretion for the public good, without the prescription of law and sometimes even against it." How great those powers are was demonstrated by Lincoln, in my judgment the greatest of American Presidents.

Lincoln fought a war that was never declared; without congressional authorization, he called for volunteers to fight that war; he established a naval blockade of ports from Texas to Virginia; he suspended the privilege of the writ of habeas corpus; he put enemy sympathizers in army jails without trial and ignored a demand of the Chief Justice to free them; most important, he

used his power as commander in chief to free the slaves, something not even Congress was authorized to do. To those who complained that someone sworn "to take care that the laws be faithfully executed" must not violate them, Lincoln pointed out that none of the laws were being "faithfully executed" in nearly one-third of the states. He asked: "Are all the laws but one to go unexecuted; and the government itself go to pieces, lest that one be violated?"

The gentlest of men when the world permitted him to be gentle, he nevertheless authorized the execution, by firing squad, of 267 persons during his presidency. However reluctantly, he did not refrain from punishing those who in exercising what they insisted was their freedom of speech bore some responsibility for the crimes for which the others were being executed. "Must I," he asked, "shoot a simple-minded soldier boy who deserts, while I must not touch a hair of a wily agitator who induces him to desert? . . . I think that, in such a case, to silence the agitator and save the boy is not only constitutional, but a great mercy."

Compare this attitude with a more recent statement on a similar subject. A few years ago, during Senate hearings on a bill prohibiting the disclosure of the names and identities of covert CIA agents, the American Civil Liberties Union said: "A citizen has the right to impair or impede the functions of a government agency, whether it is the Federal Trade Commission or the CIA." Covert agents and the intelligence operations which they engage in are one of the most effective weapons we have against terrorism. The ACLU conceded that we may properly have a Central Intelligence Agency, but insisted that citizens had a constitutional right to disclose the names of CIA agents, even if this undermined the work of the agency.

Beyond the obvious fact that we are not involved in a civil war, or formally in any other kind of war, what distinguishes this case from Lincoln's? Not a lack of constitutional power: the powers are there when they are needed; the Founders saw to that, and they also authorized the President to decide when they were needed. The real difference is a lack of commitment, a sufficiently strong commitment, to the cause of free government. Lincoln spoke of the United States as "the last best hope of

EXHIBIT JMP–109

(b) The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a), and shall provide a statement of the reasons for not giving prior notice.

(c) The President and the intelligence committees shall each establish such procedures as may be necessary to carry out the provisions of subsections (a) and (b).

(d) the [1] House of Representatives and the Senate, in consultation with the Director of Central Intelligence, shall each establish, by rule or resolution of such House, procedures to protection from unauthorized disclosure all classified information and all information relating to intelligence sources and methods furnished to the intelligence committees or to Members of the Congress under this section. In accordance with such procedures, each of the intelligence committees shall promptly call to the attention of its respective House, or to any appropriate committee or committees of its respective House, any matter relating to intelligence activities requiring the attention of such House or such committee or committees.

(e) Nothing in this Act shall be construed as authority to withhold information from the intelligence committees on the grounds that providing the information to the intelligence committees would constitute the unauthorized disclosure of classified information or information relating to intelligence sources and methods.

SECTION 662 OF THE FOREIGN ASSISTANCE ACT OF 1961 (22 U.S.C. 2422) (THE "HUGHES-RYAN AMENDMENT")

SEC. 662. LIMITATION ON INTELLIGENCE ACTIVITIES.—No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States. Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

SECTION 112b OF TITLE 1, UNITED STATES CODE (UNITED STATES INTERNATIONAL AGREEMENTS) (THE "CASE ACT")

§ 112b. United States international agreements; transmission to Congress

(a) The Secretary of State shall transmit to the Congress the text of any international agreement (including the text of any oral international agreement, which agreement shall be reduced to writing), other than a treaty, to which the United States is a party as soon as practicable after such agreement has entered into force

[1] So in original.

Exhibit JMP-110

MAR 23 1971 F

NAVPERS 1611/1 (Rev. 12-68)

REPORT ON THE FITNESS OF OFFICERS

(Refer to BUPERSINST 1611 Series)

1. NAME (Last, first, middle initial)	2. GRADE	3. DESIGNATOR	4. SSAN	5. DATE REPORTED
POINDEXTER, John Marlan	LCDR	1100	305-32-0503	621017

6. DUTY OR STATION (at which duty conducted and performed)

USS LAWRENCE (DDG-4)

7. REASON FOR REPORT: [ ] REGULAR [ ] TEMPORARY ADDITIONAL DUTY [X] DETACHMENT OF INDIVIDUAL [X] REGULAR [ ] RESERVE [ ] SPECIAL

8. PERIOD OF REPORT: FROM 20 September 1969 TO 4 MAY 70 (22 FEB 71)

9. Periods "Officially REPORTED and prorated CREDITED" dates assigned indicating number of months assigned each duty period of report. Last Primary duties first. For reports based on other than Close Observation, indicate after Primary duty the number of months duties assigned followed in the number of months duties were performed physically separated from the reporting senior, if applicable. E.g. 6/24, indicate continuous duty of periods of non-availability due to hospitalization, temporary additional duty, leave and travel between duty stations. Describe the grounds, qualifications necessary, responsibilities and conditions peculiar to the billet of an unusual nature are not understood by naval officers or enemy agent use personal chart for this purpose if space is inadequate.

Executive Officer (10)

10. Distribution: Sixth Fleet (1), IN and Officer (5), NIRC TMD (1), Local OPS (14), NIRC (1), NPD (1), BUPERS (1)

11. Letters on this report are based on which one of the following relationships?

[X] Close Observation [ ] Frequent Observation [ ] Infrequent Observation [ ] No Personal Observation Only

12. Performance of duties: Indicate evaluation by X in appropriate box for each item and provide supporting comments in Section III

Contents of duties assigned in Section III	Not Observed or N/A	Outstanding performance.	Excellent performance. Frequently demonstrates outstanding performance.	Very good performance. Frequently demonstrates excellent performance.	Satisfactory performance. Basically qualified.	Inadequate performance. Is not qualified. (Adverse)
(a) Executive Officer		X				
(b) Navigator		X				
(c) Communications Officer	X					
(d) Engineer		X				
(e) [illegible]	X					

13. Characteristics: Indicate your estimate of this officer under your command in the following categories of assignment:

Categories	Not Observed	Particularly desire	Prefer to have	Pleased to have	Satisfied to have	Prefer not to have (Adverse)
(a) Command		X				
(b) Operations		X				
(c) Staff		X				
(d) Assistant		X				
(e) Commanding Board		X				

14. Further Comments: Be sure your observation of this officer's capacity for assuming increased responsibilities. To what type of duty do you consider him best qualified for future assignment? Use and amplify checkboxing comments in a comparable for above best suited comment, if appropriate. An ideal candidate for PCO DD-963

CO, DD(APD)
OS0/CCAV

15. Overall Evaluation:

(a) BASED ON YOUR OBSERVATION OF THIS OFFICER'S PERFORMANCE AND COMPARISON WITH OTHERS OF THE SAME GRADE WHO HAVE COME UNDER YOUR OBSERVATION, HOW WOULD YOU RANK THIS OFFICER?

Not Observed or N/A	Among the most outstanding	One of the top few	In excellent officer of good value in the service	A fine and especially effective officer	Entirely satisfactory in present grade	Unsatisfactory (Adverse)
	X					

*If you designate more than one in this category, you must use the officer's ranking in relation to the others (e.g., 1 of 2, 2 of 4, etc.)

(b) In order to assist report users in making comparisons among reports submitted by different seniors with varying standards of evaluation, a reasonably large sampling of the overall evaluations given other officers at this time is required. Accordingly, for reports submitted on this occasion, indicate here how many officers of his grade (including all categories or designators and type or grade) you have ranked on such reports of his. Indicate limit start range breakdowns within each numeric figure, (e.g., 1/2, 3/4, 5/6, etc.) The reporting of the breakdown will indicate that all are the same general category.

			1						

16. NAME, GRADE, TITLE, NUMBER, DESIGNATOR, AND TITLE OF REPORTING SENIOR

[illegible] COMMUNICATIONS, COMMUNICATION OFFICER

PERS 1611/1 (Rev. 12-66) (BACK)

PERSONAL CHARACTERISTICS. To what degree has this officer exhibited the following qualities?

1100 — MARKING INSTRUCTIONS: Enter a mark (X) in the appropriate column for each quality.

	Not Observed	Below Standards	Meets Standards	Above Standards	Among The Best	Among The Most Outstanding	Unsatisfactory
(a) Professional knowledge (Comprehension of all aspects of the profession)			X				
(b) Moral courage (Is he what he ought to be regardless of consequences to himself?)			X				
(c) Loyalty (His faithfulness and allegiance to his superiors, his command, the service and the nation)			X				
(d) Moral responsibility (His practices and performance accord with what he judges his responsibilities?)			X				
(e) Ownership (His willingness to seek out and accept responsibilities?)			X				
(f) Initiative (His use of resourcefulness and energy applied to the performance of his duties?)			X				
(g) Judgment (His ability to develop correct and logical conclusions?)			X				
(h) Objectivity (Logical consciousness about the relationship between strengths, fort, and opportunity?)			X				
(i) Responsibility (His ability to act rationally and with adequate action inside of authority assigned or delegated?)			X				
(j) Dependability (His dependability and thoroughness exhibited in meeting responsibilities?)			X				
(k) Cooperation (His ability, and willingness to work in harmony with others?)			X				
(l) Personal Relations (His manner, disposition, sensitivity and interest?)			X				
(m) Military Bearing (His military carriage, correctness of uniform, smartness of appearance and physical fitness?)			X				
(n) Oral Communication (His ability to express himself in speech?)			X				
(o) Written Communication (His ability to express himself in writing?)			X				

21. COMMENT. Make up the comments consistent with marks in other sections. Mention strengths, special accomplishments, or weaknesses. Indicate displayed potential for professional development and leadership ability and increased for assuming greater responsibilities and promotion. Support comparisons for accelerated promotion fully. Comment upon degree of supervision of subordinates for which subordinate was accountable. When appropriate, comment upon officers and effectiveness in retention/reenlistment of quality personnel, upon evaluation displayed in [illegible], upon command material, attention to and use of good material management procedures and engineering practices. Comment on performance in, and contribution to, safety results, if appropriate. Mention accomplishment of special duty assignments (e.g., Aide, Instructor, plank commander, submarine or destroyer command, etc.). (THIS SPACE MAY NOT BE USED FOR JOINT REPORTS)

FOR PURPOSES OF is the most outstanding officer I have met in the naval service. He is an alert, dynamic officer who presents a meticulous appearance. Highly intelligent, with a creative mind, his leadership qualities are outstanding. His personal leadership characteristics, and the tactful and understanding manner in which he handles his subordinates secures their complete loyalty and causes them to exert every effort to earn his "well done". An exceptionally good speaker, he presents his ideas clearly and effectively and inspires confidence in the soundness of his views. I have sought his advice and counsel on numerous occasions and have valued his opinions highly. He is the type individual I would be pleased to work with or for. A rapid and intense worker, he always produces accurate and timely results. As Executive Officer he has organized the administration of the ship into a extremely effective vehicle, one in which all hands participate. He is an imaginative thinker, with a retentive memory and has exceptional ability to examine and analyze methods and procedures and to devise ways and means of increasing their effectiveness and efficiency. His exceptional knowledge of the 1200 psi engineering plant has been of great value to all concerned. As an evaluator in CIC he is cool, calm and always has the picture, whether its in Anti-Air, ASW or in a EW environment. He has been the strong hand in upgrading the habitability of the ship, and his ideas and supervision provided a refurbishment to the crew's mess (SEE ATTACHED)

22a. Significant weaknesses should be discussed with the officer. Was this been done? ☐ YES ☐ NO (Explain in Section 21) ☒ NOT APPLICABLE (No significant weaknesses noted)

22b. What has been the trend of his performance since your last report? ☒ (First report) ☐ IMPROVED ☐ UNCHANGED ☐ DECLINED (Most decrease were explained)

22c. Has the officer seen this report? ☐ YES ☒ NO — In the interest of maximizing effective communication with subordinates, reporting seniors are encouraged to discuss this report with the officer, but not necessarily show it to him. Has this been done? ☒ YES ☐ NO

22d. Comments above which are a direct reflection of this officer's performance should be considered as making comments in Section 21. Such comments must be forwarded separately for file in his Selection Board Jacket. Exception: A copy of a letter of censure (including appeal and denial) must be appended to the first fitness report submitted after it becomes final.

22e. Reports containing matter of an adverse nature (in marks or comments) or appended must be referred for statement pursuant to Navy Regulations. Statement of officer must be endorsed and attached to this report.

23. Date reported: 10 March 1971

Signature of reporting senior

Concurrent and special reports must be recorded via the officer's regular reporting senior. To avoid possible loss or misrouting of a concurrent or special report, the receipt form must be mailed direct to Pers-B2 so the concurrent or special report can be forwarded to the regular reporting senior.

Date noted and recorded

Signature of natural reporting senior on concurrent or special report

0101 MAR 23 1971 F

POINDEXTER, John Marlan LCDR. 1100 305-32-0503 624917

Item 21 continued:

that made it into the best of its type, and resulted in the ship being the runner up in the CRUDESLANT Ney Award competition. He is an adept shiphandler. An outstanding officer in every respect who has repeatedly demonstrated that he is extraordinarily well qualified for early promotion. He is indeed a "one percenter".

R. G. Murphy

R. G. MURPHY, CDR, USN, 1100, Commanding Officer

10 MAR 1971

0102 MAR 23 1971 F

NAVPERS 1611/5 (Rev. 10-68) ENDORSEMENT ON REPORT ON THE FITNESS OF OFFICERS

1. NAME (Last, first, middle)	2. GRADE	3. DESIGNATOR	4. SSAN	5. FILE NUMBER
POINDEXTER, John Marlan	LCDR	1100	305-32-0503	624917

6. UNIT OR STATION (or ship duty conducted and performed)

USS SAMUEL B. ROBERTS (DE-823)

7. REASON FOR REPORT: [ ] PROMOTION [ ] ASSIGNMENT OR REASSIGNMENT (SPECIAL) [X] ASSIGNMENT OF OFFICERS

8. TYPE OF REPORT: [X] REGULAR [ ] CONDITIONAL [ ] SPECIAL

9. PERIOD OF REPORT: FROM 4 MAY 70 TO 22 FEB 71

10. (a) Forwarded for endorsement and further forwarding to the Chief of Naval Personnel (Pers E23)

(b) (Indicate appropriate forwarding statement(s))

[X] I nominate the above named officer for accelerated promotion ahead of contemporaries and/or

[ ] Above named officer is a captain.

11. DATE FORWARDED	12. NAME, GRADE, TITLE AND SIGNATURE OF REPORTING SENIOR
30 March 1971	R. G. MURPHY, CDR, 584632/1100, Commanding Officer

13. REMARKS:

I have closely observed the performance of Jean Poindexter in his capacity as executive officer of my flagship. I concur most wholeheartedly in CO Murphy's evaluation and strongly endorse his recommendation for early promotion.

14. DATE FORWARDED TO CHIEF OF NAVAL PERSONNEL (Fitness Reports Section, if concurrence or special report)	15. NAME, GRADE, TITLE AND SIGNATURE OF ENDORSING OFFICER
14 MAR 71	FRANCIS E. PEARSON III, CAPT, 447798/1100 COMDESRON 22

16. INSTRUCTIONS:

(a) The Navy reorganizes officer performance evaluation as a command prerogative and responsibility. Because of this, we have traditionally placed this responsibility at the command level, only permitting delegation in large staffs and major shore establishments with the prior approval of the Chief of Naval Personnel. The endorsement procedure is not intended to abridge this command prerogative or responsibility in any way. Rather, it is the intent of this procedure to provide report users (selection board members and assignment officers) the broader viewpoint of a more experienced senior.

(b) In recognition of the added administrative effort imposed by this procedure, periodic report terminal dates have been established approximately three (3) months prior to the annual convening dates of selection boards for each grade. Reporting seniors must ensure that reports not requiring endorsement are forwarded to the Chief of Naval Personnel (Pers E23), and those requiring endorsement are forwarded to the endorsing senior, within fifteen (15) days of the terminal date of the report. Endorsing seniors must endorse and forward to the Chief of Naval Personnel (Pers E23) those reports received for endorsement within fifteen (15) days of receipt from the reporting senior.

(c) Endorsements on this form should fall into three general categories:

"Forwarded" - meaning that the report has been examined with all other reports on officers of the same grade submitted by or sighted by the endorsing senior, but that the endorsing senior has little personal knowledge of the officer's performance (same connotation as "Records and Reports only").

"Forwarded concurring" - indicating that the endorsing senior has sufficient personal knowledge to have a broad feel for the officer's performance but detailed observation only under a limited set of conditions (same connotation as "Infrequent Observation").

"Forwarded with comments" - indicating that, while the officer did not report directly to the endorsing senior, he was observed by him under circumstances permitting meaningful evaluation (same connotation as "Frequent Observation").

Endorsing seniors should make every effort to forward each report with some meaningful comment. Endorsements on captains' reports shall contain comment regarding potential for flag selection whenever possible.

0106 JAN 28 1974

NAVPERS 1611/1 (Rev. 12-69) REPORT ON THE FITNESS OF OFFICERS (Refer to BUPERSINST 1611 Series)

a. Name (Last, First, Middle)	b. Grade	c. Designation	d. Unit	e. File Number
DEXTER, John Marlan	CDR	1100	305-32-0503	624917

Immediate Office of the Secretary of the Navy | 30 March 1971

f. Occasion for Report: [X] Periodic [ ] Detachment of Reporting Senior [ ] Detachment of Officer Reported On
g. Type of Report: [X] Regular [ ] Special [ ] Concurrent [ ] Special
h. Period of Report: From 5 May 72 To 31 March 73

i. Duties (Identify PRIMARY and principal COLLATERAL duties assigned, indicating number of months assigned each during period of report. List Primary Duties first. For regularly assigned duties other than "Fleet Observation" indicate after Primary duty the number of months duties were performed physically CONCURRENT with the reporting senior (if applicable, i.e. 6/12). Indicate in-service date of periods of non-availability for fitness reports (temporary additional duty, leave and transit between duty stations). Describe the essential, qualifications necessary, responsibilities, and conditions pertinent to any extent of an unusual nature and not understood by senior officers in general. Append supplemental sheet for this purpose if space is inadequate.)

Administrative Aide to the Secretary of the Navy

j. Primary duty of Reporting Senior. Brief statement of this officer's duties and responsibilities - Do not use code, symbols, abbreviations or reference communications.

Administration, supervision and direction of the Naval Establishment

k. (1) All Concurrent duty in this report under an organization other than that of the Reporting Senior. Indicate the Officer's relationship to the Reporting Senior (i.e., aide, assistant, etc.) and appropriate title in order from most to least important.

(2) Number of months, if not completed by a flag or general officer in the Chain of Command, and Flag Lieutenant and Commander Organization. Use Supplemental Form NAVPERS 1611/1 (Rev. 12-69).

l. Enter the highest military duty of Section 1300 reported on for nomination for appointment to the next higher grade. Indicate if not recommended for promotion ahead of contemporaries. If not applicable, so state.

m. Number of months this report is not completed by a flag or general officer in the Chain of Command, and Flag Lieutenant and Commander Organization. Use Supplemental Form NAVPERS 1611/1 (Rev. 12-69).

14. Entries on this report are based on which one of the following relationships:

[X] Close Observation [ ] Frequent Observation [ ] Intermittent Observation [ ] Records and Reports Only

15. Performance of Duties. Indicate evaluation by "X" in appropriate marking column for each item and provide supporting remarks in section VII.

Elements of Duties Noted in Part I, Sec. B	Not Observed	Outstanding performance.	Excellent performance. Frequently exceeds outstanding performance.	Very good performance. Frequently exceeds routine performance.	Satisfactory performance. Generally qualified.	Inadequate performance. Not to be qualified. (Adverse)
(a) Evaluation of Overall Performance of All Duties Assigned		X				
(1) Subordinate Supervision	X					
(2) Management	X					
(3) Responsibility/Specific Duties	X					
(4) Knowledge		X				
(5) Other Duty Assigned	X					

16. Readiness. Indicate your attitude toward having this officer under your command in the following categories of assignment:

Category	Not Observed	Particularly desire	Prefer to have	Pleased to have	Satisfied to have	Prefer not to have (Adverse)
(a) Command		X				
(b) Operational		X				
(c) Staff		X				
(d) Shore Duty		X				
(e) Foreign Service		X				

17. Future Assignment. Based on your observations of this officer's capacity for accepting increased responsibilities, for what type of duty do you consider this officer assigned for future assignment now and thereafter (including assignment to a flag/generalship for which best fitted, if appropriate)

(a) Now Command - DD, DLG, DDG

(b) Later OPNAV (06 Area), OSD, Exec Asst. (Navy)

18. Overall Evaluation

(a) Based on your observation of this officer's performance and comparing him with all officers of the same grade that you have known, how would you characterize this officer?

Not Observed	Among the top of officers known	One of the top few	An outstanding officer of a type and capability generally obtained	Entirely satisfactory in present grade	Unsatisfactory (Adverse)
	X *				

(b) The category you chose for this category, you must indicate this officer's standing or relation to the others (e.g., 1 of 3, 2 of 3, 1 of 4, etc.):

(c) In order to assess report cards in making comparisons among reports submitted by different seniors with varying standards of evaluation, a reasonably large sampling of the overall evaluations given other officers at this time is required. Accordingly, for reports submitted on this occasion, indicate here how many officers of this grade (including all categories and designators and time in grade) you have ranked in each category at (a). Indicate line/staff corps breakdowns within each numbers figure. (e.g., 8/8, 7/7). (1100, 251, etc.) The reporting of no breakdown will indicate that all are the same general category.

		1				

19. Name, Grade, File Number, Designation, and Title of Reporting Senior

John W. Warner, Secretary of the Navy

S/N 0105-014-6601

NAVPERS 1611/1 (Rev. 12-68) (BUPERS)

0107 [redacted]

Equal Opportunity Performance

(a)	
(b)	X
(c)	X
(d)	X
(e)	X
(f)	X
(g)	X
(h)	X
(i)	X
(j)	X
(k)	X
(l)	X
(m)	X
(n)	X
(o)	X

See Attached Sheets.

(a) "Significant weaknesses should be discussed with the officer— Has this been done? ☐ YES ☐ NO (Explain on reverse if) ☒ NO SIGNIFICANT WEAKNESSES NOTED

(b) How has the trend of his performance since your last report? ☒ [redacted] ☐ [redacted] ☐ [redacted] ☐ [redacted]

(c) Has the officer seen this report? ☐ YES ☒ NO In the absence of adverse comments with endorsers, reporting officers are encouraged to discuss this report with the officer, but not necessarily show it to him. Has this been done? ☒ YES ☐ NO

(d) Comments which are a direct reflection of this officer's performance should be considered in using comments in Section 21. Such comments may be forwarded separately for file in his accession file and Jacket. Exception: A copy of a letter of remark (including appeal and denial) must be appended to the fitness report submitted after it becomes final.

(e) Reports containing matter of an adverse nature (in marks or comments or appended) must be referred for statement pursuant to Navy Regulations. Statement of officer must be endorsed and attached to this report.

22. DATE REPORTED: 23 JAN 1974

SIGNATURE OF REPORTING SENIOR

23. DATE NOTED AND REVIEWED

SIGNATURE OF REVIEWING OFFICER OR OFFICIAL ACTING

Concurrent and special reports must be forwarded via the officer's regular reporting senior. To avoid possible loss or misrouting of a concurrent or special report, the receipt form must be mailed DIRECT to Bupers on the concurrent or special report is forwarded to the regular reporting senior.

SPO 003-9 10

0-1000

108 JAN

POINDEXTER, John Marlan, CDR, USN, 305-32-0503
Period of Report: 5 May 72 to 31 March 73

1. Commander Poindexter is among the most outstanding Naval officers with whom I have been associated during my time in the Secretariat. He possesses that fine blend of intellect, capacity for hard work, sound judgment, sense of balance and ability to work harmoniously with personnel of all ranks and background which is so essential in our top leaders. For example, his duties require continuous liaison with the office of the CNO, with the office of the Assistant Secretaries, with the office of the Secretary of Defense, and the Military Aide to the President.

As my Administrative Aide, Commander Poindexter is tasked with the daily processing and control of the heavy volume of correspondence and directives entering and leaving the Navy Secretariat. It is his task to ensure proper routing and control and to direct the actions of the small but select staff which supports him. He has performed this task superbly. He has that rare ability to extract items of substance from the morass of detail and to ensure prompt and proper action thereon. He has a special appreciation for the peculiar sensitivities so frequently attendant to duties at this level and his discretion is reflected in all his actions. He has my complete trust.

He is candid and straight forward in his dealings and has earned the respect and admiration of those with whom he works. All tasks, from the routine to the urgest time-sensitive ones, are handled in a calm, unruffled thoroughly reliable manner.

Commander Poindexter is an able and astute manager. Early in his tour, he evaluated the operations of his office and the satellite mailrooms serving the Secretariat with a view toward improving effectiveness and efficiency, and if possible, simultaneously reducing the costs of the operation. He personally investigated and evaluated various methods of automating the processing and control of correspondence and action items, then designed and installed a system which has resulted in consolidation of files, more effective correspondence control, rapid recall of information and an effective action tickler system, all through the use of existing computer systems. This action has also permitted mailroom consolidations under Commander Poindexter's coordination, and a resultant savings in personnel required.

22 JAN 1973

0109 [redacted] JAN 25 1974 C

In the absence of my Executive Assistant, Commander Poindexter has been called in as a temporary replacement. His broad knowledge and capacity have permitted his fulfillment of this task with ease. I have found his judgment to be sound and his advice to be well considered and reliable.

Commander Poindexter is acutely aware of and sensitive to matters concerning human relations and equal opportunity.

Commander Poindexter's standards of personal behavior, military bearing, and appearance are of the highest order. I consider this fine officer to be well-suited for assignment to positions of greater responsibility, both at sea and ashore, which will prepare him for ultimate selection to flag rank, and I unhesitatingly recommend his accelerated promotion to Captain.

JOHN W. WARNER

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0119

APR 9 1975

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REPORT ON THE FITNESS OF OFFICERS

1. NAME (LAST, FIRST, MIDDLE): POINDEXTER, JOHN HARLAN
2. GRADE: CDR
3. DESIG: 1110
4. SSN: 305-32-0503
5. ACDUTRAU / FEMAC
6. UIC: 52693
7. SHIP/STATION: USS ENGLAND (DLG 22)
8. DATE REPORTED: 74OCT03
9. OCCASION FOR REPORT: X PERIODIC
10. DETACHMENT OF REPORTING SENIOR
11. DETACHMENT OF OFFICER
12. PERIOD OF REPORT: 74JUN28
13. 75MAR31
14. TYPE OF REPORT: X REGULAR
15. CONFIDENTIAL
16. SPECIAL
17. OPR CDR
18. BASIS FOR OBSERVATION: X CLOSE
19. FREQUENT
20. INFREQUENT
21. EMPLOYMENT OF COMMAND (CONTINUED ON REVERSE SIDE OF RECORD COPY): WESTPAC DEPLOYMENT (4) UPKEEP (2)
22. DAYS OF COMBAT: N
23. REPORTING SENIOR (LAST NAME, FI, MI): LAUTERMILCH, P A
24. TITLE: SOPCDR
25. GRADE: CAPT
26. DESIG: 1110
27. SSN: 177-20-1213
28. DUTIES ASSIGNED (CONTINUED ON REVERSE SIDE OF RECORD COPY): CO - COMMANDING OFFICER (6) LV/TT/PT/TENDUINS (3)

SPECIFIC ASPECTS OF PERFORMANCE (TYPE IN OCR CODE LETTER FROM WORK SHEET)

29 GOAL SETTING & ACHIEVEMENT	A	30 SUBORDINATE DEVELOPMENT & DELEGATION	A	31 WORKING RELATIONS	A	32 EQUAL & FAIR OPPORTUNITY	A	33 NAVY OR SHIP SUPPORT	A
34 RESPONSE IN STRESSFUL SITUATIONS	A	35 EQUAL OPPORTUNITY	A	36 SPEAKING ABILITY	A	37 WRITING ABILITY	A		

WARFARE SPECIALTY SKILLS (FROM OCR WORK SHEET)

38 SEAMANSHIP	N	39 AIR WORKSHIP	N	40 WATCH STANDING	N	41	42	43	

44 SUBSPECIALTY CODE: 8490D
REQUIRED BY BILLET: 45 YES, X 46 NO
UTILIZATION: 47 FULLY QUALIFIED, 48 IN TRAINING, X 49 NONE
WORK SHEET CODE: 50 PERFORMANCE N

MISSION CONTRIBUTION: NOT OBS

TOP — TYPICALLY EFFECTIVE OFFICER — BOTTOM

		1%	5%	10%	20%	40%	60%	80%	90%	95%	99%	MARG	UNSAT*
51	EVALUATION			X									
52	SUMMARY	0	2	0	0	0	0	0	0	0	0		

53 TREND OF PERFORMANCE: X FIRST REPORT; 54 CONSISTENT; 55 IMPROVING; 56 DECLINING*

DESIRABILITY (TYPE IN OCR CODE FROM WORK SHEET)

57 COMMAND	A	58 OPERATIONAL	A	59 STAFF	A	60 JOINT/OSD	A	61 FOREIGN SHORE	A		

RECOMMENDATION FOR PROMOTION: X 62 EARLY; 63 REGULAR; 64 NO*
RANKING FOR EARLY PROMOTION: 65 NUMBER RECOMMENDED 2; 66 RANKING 1

PERSONAL TRAITS (TYPE IN OCR CODE FROM WORK SHEET)

67 JUDGMENT	A	68 IMAGINATION	A	69 ANALYTIC ABILITY	A	70 PERSONAL BEHAVIOR	A	71	A	72 MILITARY BEARING	A

73 | 74 | 75 | 76

MEANINGFULLY DISCUSSED? X 77 NONE (WAIVED) 78 YES 79 NO* STATEMENT 80 N 81 ATTACHED N

82 SIGNATURE OF OFFICER EVALUATED (SEE SUPERS INST 1611.1C-SERIES) I ACKNOWLEDGE THAT I HAVE SEEN THIS REPORT AND HAVE BEEN COUNSELED BY MY PERFORMANCE

83 DATE FORWARDED: 75APR01
84
85 SIGNATURE OF REPORTING SENIOR

86 DATE FORWARDED
87 SIGNATURE OF ALTERNATE REPORTING SENIOR ON CONCURRENT AND CONCURRENT/SPECIAL REPORT

APR - 7 19

NAVPERS 1611/1 (REV. 8-73) S/N 0105-076-3115

RECORD COPY

* U. S. GOVERNMENT PRINTING OFFICE: 1973 — 546-077/10

J. EMPLOYMENT OF SCHOOLING (Continued)

0120

K. DUTIES ASSIGNED (Continued)

[illegible] COMMENTS. Particularly comment upon the officer's overall leadership ability, personal traits not noted on the reverse side and estimated or actual performance in combat. Include comments pertaining to unique skills and distinctions that may be important to career development and future assignment. A mark in boxes with an asterisk (*) indicates adversity and supporting comments are required. CDR POINDEXTER's performance while deployed with the Seventh Fleet (OCT 74 to JAN 75) is amply documented in the concurrent Fitness Report submitted by CAPT J. P. LEAHY, COMDESRON FIVE, dated 17 January 1975. CDR POINDEXTER took command of a ship which excelled in practically all areas. The typical Commanding Officer would have been content to maintain this high level of excellence and to sustain an obviously satisfactory status quo. Not CDR POINDEXTER! He supported and reinforced that which was successful and at the same time identified areas wherein additional improvements would provide a substantial potential for high payoff As a result of this strategy, CDR POINDEXTER was able to improve an already fine product. CDR POINDEXTER is a polished manager of personnel, material, and financial resources. His standards are high and he insists on quality performance. His own substantial ability does not overwhelm his subordinates because he allows and encourages innovation and his shipboard officer training program is especially strong. During this period he has nominated two Department Heads and his Executive Officer for command qualification. He commands a happy ship. He is a compassionate and warm person and keenly aware of and responsive to the emotional and social needs of his crew and is a dynamic supporter of the Navy's Human Goals Program. He is without personal racial bias or prejudice.

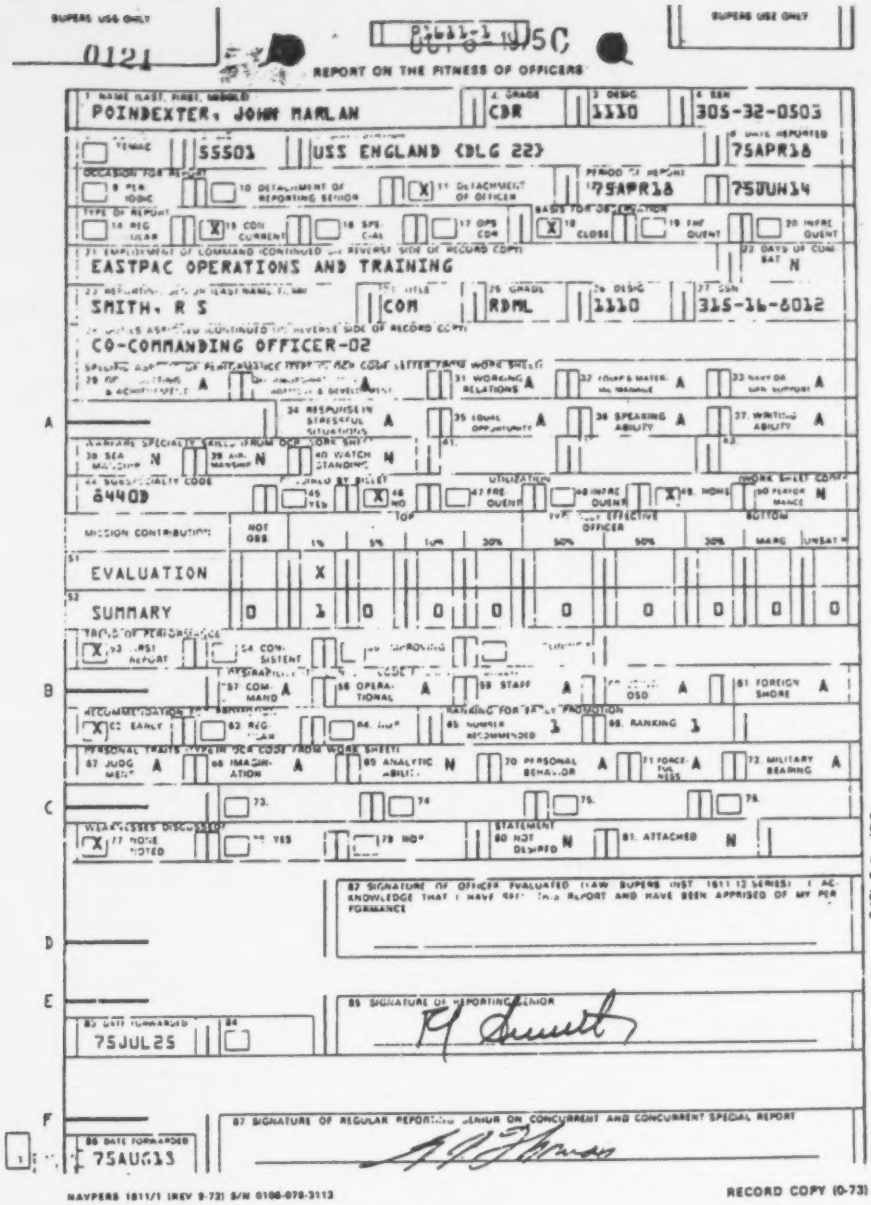
CDR POINDEXTER developed a formalized Management by Objective (MBO) Program in ENGLAND which promises to increase greatly the participation in management and commitment to command goals on the part of the senior petty officers and junior officers. In this respect, CDR POINDEXTER developed a very innovative application of the Ships Force Overhaul Management System (SFOMS) computer program, by which the SFOMS graphically displays MBO goals, progress and milestones.

CDR POINDEXTER is a team player who operates extremely well on his own. He is a self starter who needs little or no guidance but who critically examines modifies,and adopts suggestions where they are appropriate. He is solution oriented. I have found CDR POINDEXTER's counsel to be extraordinarly sound. His perspective is broad and his insight keen. He is analytical and articulate in both written and oral presentation.

CDR POINDEXTER is a dedicated family-man and he, with his charming wife and fine family are a great asset to the Navy. Although command of USS ENGLAND (DLG 22) and similar ships is normally reserved for proven officers in the grade of Captain, CDR POINDEXTER is commanding with great distinction and without taxing his capacity in any discernable way. He always has time for one more assignment.

I would welcome CDR POINDEXTER in my command in any capacity. CDR POINDEXTER has demonstrated a very great capacity as well as potential and I have every confidence that he is destined to become one of the future leaders of the Navy. I recommend him for promotion to Captain at the earliest possible time.

The terminal date of this report also marks the effective date of a force reorganization wherein USS ENGLAND (DLG 22) is being reassigned out of DESRON THIRTY-ONE.



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0121

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REPORT ON THE FITNESS OF OFFICERS

1 NAME (LAST, FIRST, MIDDLE): POINDEXTER, JOHN MARLAN
4 GRADE: CDR
3 DESIG: 1110
4 SSN: 305-32-0503

5 RANK/RATE: 55501
UNIT: USS ENGLAND (DLG 22)
6 DATE REPORTED: 75APR18

9 PER CODE
10 DETACHMENT OF REPORTING SENIOR
11 DETACHMENT OF OFFICER: X
PERIOD OF REPORT: 75APR18 — 75JUN14

12 REG (SAR)
13 CDR CURRENT: X
14 SPEC (CAR)
17 OPS CDR
BASIS FOR DETACHMENT
18 CLOSE: X
19 FNF QUENT
20 INFREQUENT

21 EMPLOYMENT OF COMMAND (CONTINUED ON REVERSE SIDE OF RECORD COPY)
EASTPAC OPERATIONS AND TRAINING

22 DAYS UP CURRENT SAT: N

23 NAME (LAST, FIRST, MIDDLE): SMITH, R S
24 TITLE: COM
25 GRADE: RDML
26 DESIG: 1110
27 SSN: 315-16-6012

28 DUTIES ASSIGNED (CONTINUED ON REVERSE SIDE OF RECORD COPY)
CO-COMMANDING OFFICER-02

29 DP: A
30 A
31 WORKING RELATIONS: A
32 COMP & MATER: A
33 MAINT OR SUPV SUPPORT: A

A
34 RESPONSE IN STRESSFUL SITUATIONS: A
35 EQUAL OPPORTUNITY: A
36 SPEAKING ABILITY: A
37 WRITING ABILITY: A

38 SEA: N
39 AIR: N
40 WATCH STANDING: N
41
42
43

44 SUBSPECIALTY CODE: 8440D
45 YES
46 NO: X
47 FREQUENT
48 INFREQUENT
48 HOMO: X
WORK SHEET COMP
50 PERFORMANCE: N

MISSION CONTRIBUTION: NOT OBS | TOP 1% | 5% | 10% | 30% | MIDDLE 50% | EFFECTIVE OFFICER 50% | BOTTOM 30% | MARG | UNSAT

51 EVALUATION: X
52 SUMMARY: 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0

TRAITS OF PERFORMANCE
53 FIRST REPORT: X
54 CONSISTENT
55 IMPROVING
56 DECLINING

B
57 COMMAND: A
58 OPERATIONAL: A
59 STAFF: A
60 OSO: A
61 FOREIGN SHORE: A

RECOMMENDATION FOR PROMOTION
62 EARLY: X
63 REG
64
RANKING FOR EARLY PROMOTION
65 NUMBER RECOMMENDED: 1
66 RANKING: 1

PERSONAL TRAITS (CHECK OCA CODE FROM WORK SHEET)
67 JUDGMENT: A
68 IMAGINATION: A
69 ANALYTIC ABILITY: N
70 PERSONAL BEHAVIOR: A
71 FORCE FOR MISSION: A
72 MILITARY BEARING: A

C
73.
74
75.
76.

WEAKNESSES DISCUSSED
77 NONE NOTED: X
78 YES
79 NO
STATEMENT
80 NOT DESIRED: N
81 ATTACHED: N

SEP 2 3 1975

D
82 SIGNATURE OF OFFICER EVALUATED (SEE BUPERS INST 1611.12 SERIES) I ACKNOWLEDGE THAT I HAVE SEEN THIS REPORT AND HAVE BEEN APPRISED OF MY PERFORMANCE

E
83 SIGNATURE OF REPORTING SENIOR: R L Smith
84 DATE FORWARDED: 75JUL25

F
85 SIGNATURE OF REGULAR REPORTING SENIOR ON CONCURRENT AND CONCURRENT SPECIAL REPORT: R L Thomas
86 DATE FORWARDED: 75AUG13

103278

NAVPERS 1611/1 (REV 9-73) S/N 0106-078-3113

RECORD COPY (0-73)

31. EMPLOYMENT OF COMMAND (Continued)

0122

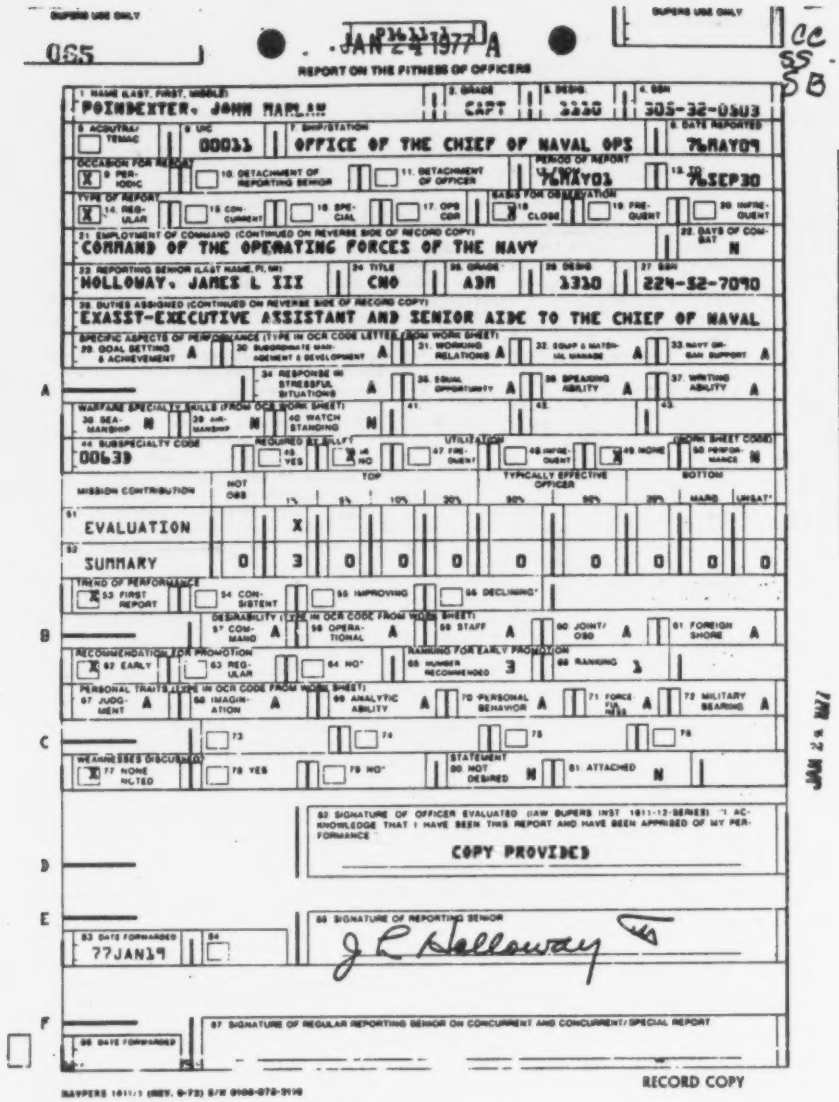
38. DUTIES ASSIGNED (Continued)

39. COMMENTS. Particularly comment upon the officer's overall leadership ability, personal traits not listed on the regular form, and other significant performance or conduct. Include comments pertaining to unique skills and assignments that may be important to career development and future assignment. A check (✓) indicates above or below reporting standards are required.

CDR POINDEXTER, COMMANDING OFFICER, USS ENGLAND, REPORTED TO ME FOR A VERY SHORT PERIOD OF TIME DURING THE INITIAL FORMATION OF THE NAVAL SURFACE FORCE, PACIFIC FLEET. DURING THIS PERIOD, I HAVE BEEN IMPRESSED BY HIS MATURITY AND BY THE QUIET EFFICIENCY HE EMPLOYS IN EXERCISING COMMAND. HE HAS PERFORMED OUTSTANDINGLY WELL IN COMMAND. HIS SHIP HAD AN EXTREMELY SUCCESSFUL MISSILE SHOOT DURING THE PERIOD AND MET ALL OF HER COMMITMENTS AT SEA. SHE WEATHERED A SURPRISE SUPPLY INSPECTION SATISFACTORILY AND PASSED A SURPRISE MONITORING VISIT BY THE PACFLT PROPULSION EXAMINING BOARD. IN ADDITION, THE TYPE COMMANDER CONDUCTED A SURPRISE VISIT AND INSPECTION OF THE SHIP AND WAS FAVORABLY IMPRESSED. COMMANDER POINDEXTER CONDUCTED A ROH WORK DEFINITION CONFERENCE ABOARD AND REPRESENTATIVES FROM THE TYPE COMMANDER'S STAFF, PUGET SOUND NAVAL SHIPYARD AND NAVSEA, WERE OPENLY IMPRESSED WITH THE SHIP'S ADVANCED PREPARATIONS FOR OVERHAUL. COMMANDER POINDEXTER AND HIS KEY OFFICERS VISITED PUGET SOUND NAVAL SHIPYARD AND CONDUCTED ADVANCE LIAISON AND VISITS IN PREPARATION FOR THE SHIP'S OVERHAUL THERE. COMMANDER POINDEXTER AND ENGLAND PARTICIPATED IN THE PLANNING FOR, AND EXECUTION OF, A HIGHLY SUCCESSFUL VISIT BY SEVERAL SHIPS TO THE PORTLAND ROSE FESTIVAL. THE SHIP WAS COMMANDER THIRD FLEET FLAGSHIP DURING THIS VISIT AND SUPPORTED THE FLEET COMMANDER IN AN OUTSTANDING MANNER DURING THE VISIT.

COMMANDER POINDEXTER IS A FIRM BELIEVER IN MANAGEMENT BY OBJECTIVES AND MANAGES THE SHIP BY THOROUGH PLANNING AND EXECUTION OF ALL MAJOR EVENTS. HE HAS DEVISED DETAILED MANAGEMENT PLANS FOR MAJOR EVENTS IN THE LIFE OF THE SHIP IN AREAS OF TRAINING, PERSONNEL, SUPPLY, MATERIAL AND MORALE. HE IS A FIRM BELIEVER IN PUBLIC AFFAIRS AND CONDUCTS MONTHLY DEPENDENTS' SEMINARS TO PROVIDE DEPENDENTS INFORMATION ON PROGRAMS AND BENEFITS.

COMMANDER POINDEXTER COMMANDS A FINE SHIP IN A THOROUGHLY OUTSTANDING AND EXEMPLARY MANNER. HE IS CLEARLY A "HEAD AND SHOULDERS" OFFICER AND I HIGHLY RECOMMEND HIM FOR ACCELERATED PROMOTION TO CAPTAIN AND ASSIGNMENT TO EVEN MORE CHALLENGING AND RESPONSIBLE POSITIONS.



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JAN 24 1977 A

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REPORT ON THE FITNESS OF OFFICERS

1. NAME (LAST, FIRST, MIDDLE)	2. GRADE	3. DESIG.	4. SSN
POINDEXTER, JOHN MAPLAN	CAPT	1310	305-32-0503

5. ACDUTRA/TEMAC	6. UIC	7. SHIP/STATION	8. DATE REPORTED
	00031	OFFICE OF THE CHIEF OF NAVAL OPS	76MAY09

OCCASION FOR REPORT	10. DETACHMENT OF REPORTING SENIOR	11. DETACHMENT OF OFFICER	PERIOD OF REPORT 12. FROM	13. TO
X 9. PERIODIC			76MAY01	76SEP30

TYPE OF REPORT						BASIS FOR OBSERVATION			
X 14. REGULAR	15. CONCURRENT	16. SPECIAL	17. OPS CDR	X 18. CLOSE	19. FREQUENT	20. INFREQUENT
21. EMPLOYMENT OF COMMAND (CONTINUED ON REVERSE SIDE OF RECORD COPY)						22. DAYS OF COMBAT
COMMAND OF THE OPERATING FORCES OF THE NAVY						N

23. REPORTING SENIOR (LAST NAME, FI, MI)	24. TITLE	25. GRADE	26. DESIG	27. SSN
HOLLOWAY, JAMES L III	CNO	ADM	1310	224-32-7090

28. DUTIES ASSIGNED (CONTINUED ON REVERSE SIDE OF RECORD COPY)

EXASST-EXECUTIVE ASSISTANT AND SENIOR AIDE TO THE CHIEF OF NAVAL

SPECIFIC ASPECTS OF PERFORMANCE (TYPE IN OCR CODE LETTERS FROM WORK SHEET)

29. GOAL SETTING & ACHIEVEMENT	30. SUBORDINATE DEVELOPMENT	31. WORKING RELATIONS	32. EQUIP & MATERIAL MANAGE	33. NAVY ORGAN SUPPORT
A	A	A	A	A

	34. RESPONSE IN STRESSFUL SITUATIONS	35. EQUAL OPPORTUNITY	36. SPEAKING ABILITY	37. WRITING ABILITY
A	A	A	A	A

WARFARE SPECIALTY SKILLS (FROM OCR WORK SHEET)

38. SEAMANSHIP	39. AIRMANSHIP	40. WATCH STANDING	41.	42.	43.
N	N	N			

44. SUBSPECIALTY CODE	REQUIRED AT BILLET? 45. YES	46. NO	UTILIZATION 47. FREQUENT	48. INFREQUENT	49. NONE	(WORK SHEET CODE) 50. PERFORMANCE
00639		X		X		N

MISSION CONTRIBUTION	NOT OBS	TOP 1%	5%	10%	20%	TYPICALLY EFFECTIVE OFFICER 80%	90%	BOTTOM 20%	MARG	UNSAT
51 EVALUATION		X								
52 SUMMARY	0	3	0	0	0	0	0	0	0	0

TREND OF PERFORMANCE

X 53. FIRST REPORT | 54. CONSISTENT | 55. IMPROVING | 56. DECLINING*

DESIRABILITY (TYPE IN OCR CODE FROM WORK SHEET)

57. COMMAND	58. OPERATIONAL	59. STAFF	60. JOINT/OSD	61. FOREIGN SHORE
A	A	A	A	A

RECOMMENDATION FOR PROMOTION

X 62. EARLY | 63. REGULAR | 64. NO* | RANKING FOR EARLY PROMOTION 65. NUMBER RECOMMENDED 3 | 66. RANKING 1

PERSONAL TRAITS (TYPE IN OCR CODE FROM WORK SHEET)

67. JUDGMENT	68. IMAGINATION	69. ANALYTIC ABILITY	70. PERSONAL BEHAVIOR	71. FORCE FOR MISS	72. MILITARY BEARING
A	A	A	A	A	A

73.	74.	75.	76.

WEAKNESSES DISCUSSED

X 77. NONE NOTED | 78. YES | 79. NO* | STATEMENT 80. NOT DESIRED N | 81. ATTACHED N

82. SIGNATURE OF OFFICER EVALUATED (SAW DUPERS INST 1611-12-SERIES) "I ACKNOWLEDGE THAT I HAVE SEEN THIS REPORT AND HAVE BEEN APPRISED OF MY PERFORMANCE"

COPY PROVIDED

83. DATE FORWARDED 77JAN19 | 84.

88. SIGNATURE OF REPORTING SENIOR

J L Holloway

87. SIGNATURE OF REGULAR REPORTING SENIOR ON CONCURRENT/CONCURRENT/SPECIAL REPORT

88. DATE FORWARDED

RECORD COPY

NAVPERS 1611/1 (REV. 8-73) S/N 0106-070-3110

☆ U. S. GOVERNMENT PRINTING OFFICE: 1974 — 546-277/15

cc
SSB

Ltr 26-77 802487

FEB 2 MAR

D. EMPLOYMENT OF COMMAND (Continued)

066

E. DUTIES ASSIGNED (Continued)

OPERATIONS-5
LEAVE, TRAVEL, & PROCEED: 76MAY01 - 76MAY08

F. COMMENTS. Particularly comment upon the officer's overall leadership ability, personal traits not listed on the reverse side, and estimated or actual performance in combat. Include comments pertaining to unique skills and distinctions that may be important to career development and future assignment. A mark in boxes with an asterisk (*) indicates adversity and supporting comments are required.

This is Captain Poindexter's fir reporting period as Executive Assistant and Senior Aide to the Chief of Naval Operations, an assignment which is unquestionably the most demanding Captain's billet in the U.S. Navy in every sense; long working hours, enormous workload, great responsibilities, unrelenting constant pressure, immediate responsiveness, and all under the broadest exposure to seniors and contemporaries alike. Captain Poindexter has taken these demands in stride, and turned in an absolutely flawless performance. He came to the job with impeccable credentials and a superlative reputation. He has fully justified his advance notices and lived up to his clearly evident top potential. He has approached perfection in his execution of his most arduous, demanding and responsible duties.

Captain Poindexter has a spectacular mental capacity. He reads and understands every paper or report that comes into the office. Furthermore, he retains fully, recalls accurately and evaluates with a keen sense of what is important - and what isn't. His judgment is mature and his advice - which I do not hesitate to seek - is sound.

Captain Poindexter's wisdom and good sense are not limited to his official duties. His interests are broad and varied and his reading habits are evidence of his extensive intellectual capacity. These attributes make him socially adept, a good companion and a warm friend. Personally, he presents a clean-cut well-groomed appearance of calm, unruffled poise. He comports himself with the authoritative air and dignity of his office, and by his warm and yet unflappable demeanor, he has established the atmosphere of professional competence that should be the hallmark of the CNO's personal staff. He is clearly a leader, setting the personal example for the other members of the staff, and generating a rapport and closeness within the organization that has noticeably enhanced its effectiveness as a whole and the self confidence of the individual members.

Captain Poindexter has a lovely family to which he is devoted. His attractive wife is a gracious and charming addition to any social gathering, and the two of them have made a most appreciated contribution to the CNO's representational social responsibilities.

This officer has everything, and he has it all together in perfect balance. He is fully qualified now for promotion to flag rank, and I urge in the most positive terms that he be selected at his very first eligibility. I know of none of his contemporaries who can equal his potential to serve with effectiveness now, in a wide range of flag assignments.

Jan 26-77 | B02481

058

P1611-3

REPORT ON THE FITNESS OF OFFICERS

1. NAME (LAST, FIRST, MIDDLE) POINDEXTER, JOHN M	2. GRADE CAPT	3. DESIG 1110	4. SSN 305-32-0803
5. ACTUALLY TRIAC	6. USE 00033	7. SUBSTITUTION CNO WASHINGTON DC	8. DATE REPORTED 78MAY09
OCCASION FOR REPORT: 9. PERIODIC	X 10. DETACHMENT OF REPORTING SENIOR	11. DETACHMENT OF OFFICER	PERIOD OF REPORT 12. FROM 77OCT01 13. TO 78JUN30
TYPE OF REPORT: X 14. REGULAR	15. CONCURRENT	16. SPECIAL	17. OPD CDR	REASON FOR DETACHMENT: X 18. CLOSE	19. PREGNANT	20. INFREQUENT
21. ASSIGNMENT OR COMMAND (CONTINUED ON REVERSE SIDE OF RECORD COPY) COMMAND OF THE OPERATING FORCES OF THE NAVY			22. DATE OF DETACHMENT M
23. REPORTING SENIOR (LAST NAME, FI, MI) HOLLOWAY, J L III	24. TITLE CNO	25. GRADE ADM	26. DESIG 1310	27. SSN 224-52-7090
28. DUTIES ASSIGNED (CONTINUED ON REVERSE SIDE OF RECORD COPY) EXASST-EXECUTIVE ASSISTANT TO THE CHIEF OF NAVAL OPERATIONS-9			

SPECIFIC ASPECTS OF PERFORMANCE (TYPE IN OCR CODE LETTER FROM WORK SHEET)

29. GOAL SETTING & ACHIEVEMENT A	30. SUBORDINATE MANAGEMENT & DEVELOPMENT A	31. WORKING RELATIONS A	32. [illegible] A	33. [illegible] A
	34. RESPONSE IN STRESSFUL SITUATIONS A	35. EQUAL OPPORTUNITY A	36. SPEAKING ABILITY A	37. WRITING ABILITY A

WARFARE SPECIALTY SKILLS (FROM OCR WORK SHEET)

38. MEASUREMENT N	39. [illegible] N	40. WATCH STANDING N	41.	42.	43.

44. SUBSPECIALTY CODE 0063D	REQUIRED BY BILLET: 45. YES	X 46. NO	47. FOR CHANGE	UTILIZATION: 48. [illegible]	X 49. NONE	50. PLAN OF [illegible] N

MISSION CONTRIBUTION	NOT OBS	TOP 1	5%	10%	20%	TYPICALLY EFFECTIVE OFFICER 60%	80%	BOTTOM 20%	MARG	UNSAT
51. EVALUATION		X								
52. SUMMARY	0	3	0	0	0	0	0	0	0	0

TREND OF PERFORMANCE

53. FIRST REPORT	X 54. CONSISTENT	55. IMPROVING	56. DECLINING	

DESIRABILITY (TYPE IN OCR CODE FROM WORK SHEET)

57. COMMAND A	58. OPERATIONAL A	59. STAFF A	60. JOINT/OSD A	61. FOREIGN SHORE A

RECOMMENDATION FOR PROMOTION

X 62. EARLY	63. REGULAR	64. NO*	65. NUMBER RECOMMENDED 3	RANKING FOR EARLY PROMOTION 66. RANKING 1	

PERSONAL TRAITS (TYPE IN OCR CODE FROM WORK SHEET)

67. JUDGMENT A	68. IMAGINATION A	69. ANALYTIC ABILITY A	70. PERSONAL BEHAVIOR A	71. FORCE [illegible] A	72. MILITARY BEARING A
	73.	74.	75.	76.	

X 77. NONE NOTED	78. YES	79. NO*	STATEMENT 80. NOT DESIRED N	81. ATTACHED N

82. SIGNATURE OF OFFICER EVALUATED (SAW SUPERS INST 1611.12 SERIES) "I ACKNOWLEDGE THAT I HAVE BEEN THIS REPORT AND HAVE BEEN APPRISED OF MY PERFORMANCE"

83. DATE FORWARDED 78AUG28	84.

85. SIGNATURE OF REPORTING SENIOR James L Holloway III

86. Date Signed [illegible] 87. SIGNATURE OF REGULAR REPORTING SENIOR (IN CONCURRENT AND CONCURRENT/SPECIAL REPORTS)

NAVPERS 1611/1 (REV. 8-73) S/N 0105 LF-010-3113

☆ U.S. GOVERNMENT PRINTING OFFICE: 1974 — 211-036/34

RECORD COPY

21. EMPLOYMENT OF COMMAND (Continued)

059

19. DUTIES ASSIGNED (Continued)

20. COMMENTS Particularly comment upon the officer's overall leadership ability, personal traits not listed on the reverse side, and estimate of actual performance of combat, include comments pertaining to unusual traits and characteristics that may be important to further development and future assignment. A mark in boxes will be attached (*) indicates adversely and supporting comments are required

This is my final fitness report on Captain Poindexter as I retire from active duty in the Navy, and he goes on to command a Destroyer Squadron. As I have reviewed my previous fitness reports on this extraordinarily talented and capable officer, I can only reinforce the superlatives with which I have described his performance of duty. He has continued his flawless performance in what has to be the most demanding captain's assignment in the U.S. Navy.

I have had the opportunity to observe Captain Poindexter for twelve hours a day, five and a half days a week, for more than two years, and in my experience there is no officer of higher demonstrated performance, or greater potential to serve at the highest levels of the Navy or in any government position, than he. He has everything: a fine manly appearance, splendid military bearing, a warm engaging personality, the manners of a gentleman, a calm and pleasant disposition, a photographic memory, a brilliant mind, a logical approach to problem solving, a natural industry, an impeccable integrity, and--most fortunate for us--a love and dedication for the Navy. I cannot recall an error of judgment or omission on his part in the years he worked for me. At the same time he never hesitated to take an initiative. He organized and managed the CNO's office staff so that the performance of the individuals was maximized, and both he and I were able to devote more time to the more pressing higher level aspects of the CNO's role. He infused the office staff with a feeling of calm competence, a professional elan which reflected the appropriate air of confidence and dignity within the CNO office spaces.

In any evaluation of Captain Poindexter, the special contribution of his charming wife has to be included. Lovely and poised, she is a perfect counterpart to him. At official functions, she always participated fully, her vivaciousness and charm a real asset to any social group. The nature of her husband's duties required that even at parties attended by them both, she would have to arrive and depart by separate car. This in no way ever diminished her willingness to attend an official social event. In addition to her ready and enthusiastic participation in such functions, she is a much to be admired wife and mother, with a most attractive home and a family of five handsome and well mannered sons.

As can be clearly drawn from the record of my fitness reports on Captain John Poindexter, I hold him in the greatest admiration and respect, as well as being everlastingly grateful for the magnificent, unparalleled support he has rendered to me in his most sensitive and demanding assignment as administrative aide and executive assistant to the Chief of Naval Operations. Without hesitation I will say in strongest terms that Captain Poindexter is ready for promotion now to flag rank and is fully capable of serving with unusual competence and distinction in any line rear admiral's billet in the Navy. I urge that he be selected for rear admiral at his very first eligible opportunity in the best interests of the Navy and the nation.

DI-4919 09/01/75

P3633-1

OCT 3 1 1977 6

210

REPORT ON THE FITNESS OF OFFICERS

1. NAME (LAST, FIRST, MIDDLE) POINDEXTER, JOHN HARLAN		2. GRADE CAPT	3. DESIG. 1310	4. SSN 305-32-0503
5. ACTIVE/RESERVE	6. UIC 00033	7. ORGANIZATION OFFICE OF THE CHIEF OF NAVAL OPS		8. DATE REPORTED 76MAY04
OCCASION FOR REPORT: X 9. REGULAR	10. DETACHMENT OF REPORTING SENIOR	11. DETACHMENT OF OFFICER	PERIOD OF REPORT: FROM 76OCT01	TO 77SEP30
TYPE OF REPORT: X 14. REGULAR	15. CONCURRENT	16. SPECIAL	17. OPO 0BR	BASIS FOR SUBMISSION: X 18. CLOSE 19. PRESENT 20. REFRESENT
21. EMPLOYMENT OF COMMAND (CONTINUED ON REVERSE SIDE OF RECORD COPY) COMMAND OF THE OPERATING FORCES OF THE NAVY				22. DAYS OF COMBAT
23. REPORTING SENIOR (LAST NAME, FI, MI) HOLLOWAY, JAMES L III	24. TITLE CNO	25. GRADE ADM	26. DESIG. 1310	27. SSN 224-32-7090
28. DUTIES ASSIGNED (CONTINUED ON REVERSE SIDE OF RECORD COPY) EXASST-EXECUTIVE ASSISTANT AND SENIOR AIDE TO THE CHIEF OF NAVAL				

SPECIFIC ASPECTS OF PERFORMANCE (TYPE IN DCR CODE LETTER FROM BOOKLET)

29. GOAL SETTING & ACHIEVEMENT: A	30. SUBORDINATE DEVELOPMENT: A	31. WORKING RELATIONS: A	32. EQUAL OPPORTUNITY: A	33. MILITARY BEARING: A	34. RESPONSE IN STRESSFUL SITUATIONS: A	35. EQUANIMITY: A
36. SELF-IMPROVEMENT: B	37. WRITING ABILITY: A	38. SPEAKING ABILITY: A	39. LISTENING ABILITY: A	40. WATCH STANDING: B	41.	42.

43. DESIGNATOR CODE: 0063D

REQUIRED AS BILLET: 44. YES / X 45. NO

UTILIZATION: 47. PRESENT / 48. MORE THAN PRESENT / X 49. NONE

	NOT OBS	TOP			TYPICALLY EFFECTIVE OFFICER			BOTTOM		
		1%	5%	10%	20%	30%	40%	50%	60%	LATEST
51. EVALUATION		X								
52. SUMMARY	0	1	0	0	0	0	0	0	0	0

53. TYPE OF REPORT: 53. FIRST REPORT / X 54. CONSISTENT / 55. IMPROVING / 56. DECLINING

57. COMMAND: A 58. OPERATIONAL: A 59. STAFF: A 60. JOINT/OSD: A 61. FOREIGN SHORE: A

62. EARLY / 63. REGULAR / 64. NO

65. NUMBER RECOMMENDED: 1 66. RANKING: 1

67. JUDGMENT: A 68. ASSIGNMENT: A 69. ANALYTIC ABILITY: A 70. PERSONAL BEHAVIOR: A 71. FOREIGN [illegible]: A 72. MILITARY BEARING: A

73. / 74. / 75. / 76.

77. NONE NOTED / 78. YES / 79. NO

80. STATEMENT NOT DESIRED / 81. ATTACHED

82. SIGNATURE OF OFFICER EVALUATED (SEE SUPERS INST 1611.12 SERIES): I ACKNOWLEDGE THAT I HAVE BEEN TOLD THIS REPORT AND HAVE BEEN APPRISED OF MY PERFORMANCE.

COPY PROVIDED

83. DATE FORWARDED: 770CT31 / 84.

85. SIGNATURE OF REPORTING SENIOR: J L Holloway III

86. DATE FORWARDED: 770CT31

87. SIGNATURE OF REGULAR REPORTING SENIOR ON CONCURRENT AND CONCURRENT/SPECIAL REPORT

NAVPERS 1611/1 (REV. 9-72) S/N 0105-LF-001-6710

RECORD COPY

☆ U. S. GOVERNMENT PRINTING OFFICE: 1974 — 511-990/60

211

OPERATIONS-12

DD 3646 11/01/77

30. COMMENTS. Particularly comment upon the officer's overall leadership ability, potential traits not listed on the reverse side, and estimated or actual performance in special duties. Include comments pertaining to unique skills and distinctions that may be important to career development or a future assignment. A mark in block with an asterisk (*) indicates adversely and supporting comments are required.

Captain Poindexter has continued his superlative performance of duty in his assignment as Executive Assistant and Senior Aide to the Chief of Naval Operations, the most responsible and demanding Captain's job in the Navy. His capacity for productive work is enormous. He gets to the office long before my 0715 arrival daily, and he remains at his desk, cleaning up the days work and preparing for tomorrow a good hour after my normal 1915 departure. During this time he is managing the CNO's office, insuring the CNO's schedule is being properly executed, and tending to the constant inflow of business through the CNO's office, referring some issues to the deputies, handling other problems himself, and properly staffing those matters which deserve the CNO's personal attention. All of this requires a quick mind, a tactful presence, and above all, the most acute sense of judgment. His record of performance in handling these responsibilities for five and a half pressure days per week, week after week, has been absolutely flawless. Certainly no CNO could ask for more from his executive assistant - or get more.

In order to stay up with the broader subjects relating to the Navy, while managing the daily press of urgent but important crises, Captain Poindexter regularly takes home a full briefcase of reading material to study in the evenings and on the weekends. He has acknowledged the tarrific demands of his job, and programmed his personal schedule to insure that his responsibilities are carried out in the most effective manner possible.

Early in our association, I realized Captain Poindexter's great abilities, and having absolute confidence in his judgment, I have delegated increasing responsibility to him, and my confidence in his competence to properly execute these responsibilities has been one hundred per cent confirmed. He comprehends fully the finer nuances in the complex interplay of the CNO's responsibilities, and understands my own particular style of operating. For these reasons I am able to trust his judgment and seek his advice on even the most profound, sensitive and important matters.

As I have previously noted, Captain Poindexter is an officer of the most mannerly demeanor, clean cut appearance, with a warm and engaging personality. In his extensive dealings with outside offices and other senior officials, he reflects the greatest credit on the U.S. Navy and the office of the Chief of Naval Operations. In this he is nicely complimented by his lovely wife who is not only a charming addition to any social function, but is a gracious and accomplished hostess in her own right.

Because of the CNO's heavy and continuous responsibilities as a member of the Joint Chiefs of Staff, Captain Poindexter is similarly deeply involved in JCS matters, not only through exposure to the JCS related papers routed to the CNO, but also in providing his personal views and insights to the CNO as recommendations relating to JCS decisions. Therefore, Captain Poindexter is considered to be serving in a qualifying billet for joint duty in accordance with BUPERS ltr ser 211/22 of 20 January 1976. Captain Poindexter is running the immediate office of the CNO in a way that it is achieving the very top level of effectiveness and efficiency, and the morale of my staff under his direct supervision has never been higher.

In sum, Captain Poindexter is a superb officer of the very highest professional competence, a consummate gentleman, and an officer of incomparable ability. I urge in the very strongest possible terms that he be selected for flag officer at the very earliest opportunity. He is fully qualified now, to serve with distinction in a rear admiral's assignment.

EXHIBIT JMP-111

Appointment Schedule
Admiral Poindexter Phone Calls
January 9, 1986

December

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

Thursday 01/09

7:30AM	CPL-Judge Clark (8:35 AM)
8:20AM	CPL-Secretary Weinberger PL (8:30 AM)
	RTN-Amb. Richard Helms 466 4226
1:00PM	Talked with Gen. Perroots D/DIA
3:00PM	RTNAmb. Richard Helms 466 4226
4:JPM	Talked with Dennis Thomas
4:00PM	---Senator Tower 647 6242
5:00PM	--- Roy Godson;says there may be an attack on you in the press soon; 3344 'til 6pm; [redacted] home--also wants to talk about how to handle accounts
5:05PM	---Amb. Roosevelt - wants to talk about the Uruguay Visit - will be at home at 7PM tonight or in office in AM -647 0866
5:15PM	cpl-Ed Djerejian, 2947(8:36)
6:15PM	cpl Pete Roussel, 2888(8:58)
NOTES:	1/8---Adm. Murphy 333-7400
	1/?---Dennis LaBlanc/Pacific Telesis 383 0427
	1/?--- Admiral Burkhalter, secure x1131

EXHIBIT
JMP-111

EXHIBIT JMP-112

UNCLASSIFIED

8/7 KC
1/48C

National Security Council
The White House

FEB 26 1987
1020

System # IV N 16798
Package # 40104
DOCLOG [illegible] NO ____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson			
Grant Green			
Colin Powell			
Paul Thompson			
Frank Carlucci			
Situation Room			
NSC Secretariat			
REGAN	1	[illegible]	I

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other ____

COMMENTS Should be seen by: ____ (Date/Time)

EXHIBIT
JMP 112

Partially Declassified/Released on 9 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2047

	Name and Address	Date	Initials
1	BRENDA REGER	3/22	BSR
2			
3			
4			
5			
6			

	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

~~UNCLASSIFIED~~

N 16799

NSC/ICS CONTROL NO. 40104
(40064 Add-On Atch'd)

COPY NO. _____ OF _____

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NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~UNCLASSIFIED~~

~~UNCLASSIFIED~~

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

~~SECRET~~

ACTION

August 7, 1986

N 16000

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Public Diplomacy

In response to your PROF note, I have prepared a memorandum for you to send to Bill Casey (Tab I). Peter Dailey had a very good meeting with my Thursday morning group on August 7, and I think he can be very helpful as a adviser to this group. I do not think it is necessary to revise the current structure. As I told you in my earlier PROF note, I think the structure is in place, but it constantly needs to be energized. I do this on a regular basis. But having Peter Dailey available in Washington will be an enormously useful asset during this next year while we implement the $100 million in Contra aid. I would propose to have him meet with the group periodically to critique and review programs and processes, to work closely with Bob Kagan, the Interagency Central Amerian Public Diplomacy coordinator, and to help coordinate private sector activities such as funding that currently cannot be done by either CIA or State.

RECOMMENDATION

That you sign the memorandum at Tab I to Bill Casey.

Approve _____ Disapprove _____

Ollie North, Ray Burghardt, and Vince Cannistraro concur.

Attachments

Tab I Memo to Casey
Tab A Public Diplomacy Planning

~~SECRET~~
DECLASSIFY ON: OADR

UNCLASSIFIED

5840

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

N 10 01

SUBJECT: Central American Public Diplomacy (U)

I have looked into the question of our overall public diplomacy effort concerning Central America. A great deal of hard and effective work is being done. It is clear we would not have won the House vote without the painstaking deliberative effort undertaken by many people in the government and outside. (S)

The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office (LPD) has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a dimunition of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC. It continues to be one of the few offices in the government that is staffed by a truly interagency team, including representatives from State, USIA, AID, and Defense. The office chief is Bob Kagan, who is a young, bright and effective operator. In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government. (S)

There is a weekly Central American public diplomacy meeting which takes place in the Old EOB, chaired by Walt Raymond, and which includes not only the four organizations noted above but also the White House Press Office and Public Liaison Office, a representative from CIA's Central American Task Force, and key NSC Staffers. This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda. The group seeks to focus both on domestic public issues as well as the informational battle in Europe and Latin America. It generates requirements for major publication efforts. I will have the NSC Staff send you a package of some of the more recent publications. The group also works closely with the concerned legislative offices to be supportive in terms of the Congres-

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DECLASSIFY ON: OADR

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sional debate and in a practical way it deals with a number of on-going daily issues. As an example, issues the group dealt with last week included:

-- Steps to undertake EC support to Nicaragua;

-- Trips of U.S. and/or foreign persons to Nicaragua for the purpose of [redacted] greater foreign awareness of developments in Nicaragua;

-- Development of programs to publicize religious repression in Nicaragua;

[redacted]

-- Steps to strengthen the El Salvador public diplomacy effort. (S)

There is a comprehensive public diplomacy action plan for Latin America in Europe, and I am attaching a copy for you. This plan is monitored very actively by the LPD office, and periodic reports of activity are provided to the NSC. (S)

While this group ensures that the issue remains a high priority public diplomacy goal, I share your view that this program can certainly benefit by the professional skill and insight of Peter Dailey, and I am delighted that he is in Washington and available to provide time to help this effort. Peter met with the Thursday morning interagency group on August 7. It provided him an opportunity to hear first hand from the action officers and be briefed on their current programs. The exchange was useful, and Peter has committed himself to meet periodically with this group to help strengthen their effort. Bob Kagan, the interagency coordinator, will seek Dailey's counsel on a regular basis and will bring Elliott Abrams into this process. (S)

Peter underscored that the Nicaraguan issue remains a matter of great urgency and that the next year is critical. We must show progress both in Central America, but also in the eyes of the world community, if we are to sustain and support the democratic forces in Nicaragua. It will be necessary to "frontload" our public diplomacy on this subject so that we can strengthen our international support and change attitudes concerning this program. Certain themes that he recommended at the first meeting will be given serious consideration by the working group. One special area of importance concerns generating private sector support and funding. His assistance in this area would be of greatest importance. (S)

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~~SECRET~~ UNCLASSIFIED

In summary, the public diplomacy community is hard at work and, I think properly focussed. Peter Dailey's input can be very valuable in energising this effort, and we certainly intend to take advantage of his presence to strengthen and diversify the thrust of this program. (S)

N 16803

Attachments

Tab A Public Diplomacy Planning

~~SECRET~~ UNCLASSIFIED

~~UNCLASSIFIED~~

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

F-CEN

~~CONFIDENTIAL~~

June 16, 1986

N 16804

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

JAMES F. LEMON
Executive Secretary
Department of Defense

RICHARD MEYER
Executive Secretary
Agency for International Development

RONALD J. POST
Acting Chief of the Executive Secretariat
U.S. Information Agency

SUBJECT: Public Diplomacy Plan for Central America (U)

The NSC Staff approves the Public Diplomacy Plan submitted by the Department of State on this subject. We note that there has been considerable progress in the realization of our public diplomacy goals concerning Central America among European audiences. We must, however, continue to emphasize our comprehensive policy towards Central America at the same time that we focus on the specific question of Nicaragua. (C)

There is a need to maintain this as a high priority of our missions Europe and Latin America. The opposition is engaged in an intensive propaganda effort to sustain their point of view in these areas, and our activity must be at a high level to gain support for our policies. In addition to the continued provision of important materials to the field missions, we must keep up a flow of speakers to the target areas. We must also seek to utilize, as much as possible, Central American spokesmen to speak on their own behalf in Latin America and Europe. Posts in Europe and Latin America should find ways to encourage locals to travel to Central America to gain on-the-ground knowledge of what is happening. (C)

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DECLASSIFY ON: OADR

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UNCLASSIFIED

~~CONFIDENTIAL~~

The limited reorganization of the SLPD function should in no way suggest any dimunition of effort. (C)

The NSC requests a status report of activities undertaken to implement the action plan by August 31, 1986. (U)

N 16805

Rodney B. McDaniel
Executive Secretary

~~CONFIDENTIAL~~
DECLASSIFY ON: OADR

UNCLASSIFIED

United States Department of State

Washington, D.C. 20520

May 23, 1986

~~CONFIDENTIAL~~ UNCLASSIFIED

N 16006

MEMORANDUM TO VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Public Diplomacy Plan for Explaining U.S. Central American Policy in Europe and Latin America

The Department submits herewith a public diplomacy plan for explaining U.S. Central American policy to Latin Americans and Europeans. Parts of the plan focus on explaining those same policies to international political organizations such as the Socialist International, the International Democrat Union, and the Christian Democrats.

Nicholas Platt
Executive Secretary

Attachment:
Public Diplomacy Plan

UNCLASSIFIED

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PUBLIC DIPLOMACY PLAN
FOR EXPLAINING U.S. CENTRAL AMERICAN POLICY
IN EUROPE AND LATIN AMERICA

BACKGROUND

N 16107

The Sandinistas came to power in July 1979 in a coalition with genuine democrats. However, within weeks the Sandinista National Liberation Front (FSLN) began a pattern of actions reflecting a betrayal of the revolution: internal repression of genuine democrats and of non-communist institutions such as religious organizations; aggression against fellow Latin American countries through armed subversion; ties with terrorist organizations in Latin America, the Middle East, and Europe; and a military buildup supported by the Soviet bloc and Cuba. That pattern continues today.

Under President Reagan, a balanced U.S. policy has been followed in Central America. It contains four mutually reinforcing elements:

1. Encouragement of democracy;

2. Economic aid to improve living conditions;

3. Active diplomacy for realistic political solutions;

4. Security assistance to give the people of Central America the means to defend themselves against expanded Soviet-bloc/Cuban/Nicaraguan subversion or armed aggression.

Much progress has been made in four of the five Central American countries since 1981: Costa Rica, Honduras, El Salvador, and Guatemala are democratic and are steadily strengthening their democratic institutions. The U.S. Congress has year by year provided support for the President's policy through increasing appropriations for economic and security assistance (total amounts by fiscal year 1983--$513 million; 1984--$939 million; 1985--$951 million; 1986--$1,014 million).

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GOALS

N 16808

-- To convince audiences in Central and South America (particularly the Contadora and Contadora Support Group countries) and in Europe that U.S. policy toward Central America is balanced, workable, and the best alternative possible.

-- To convince audiences in Latin America and Europe that the Nicaraguan democratic resistance has a cohesive and credible political program and that it is a viable, democratic force worthy of the support of the U.S. and other democratic nations.

-- To demonstrate to audiences in Latin America and Europe that the Sandinistas support international terrorism and that Sandinista external subversion threatens the nascent democracies in neighboring countries.

-- To demonstrate that the Sandinistas consciously and systematically violate human rights.

-- To convince audiences in Latin America and Europe that the United States seeks only that the Sandinistas deliver on their promises of 1979 to the Organization of American States; that we believe that the best way to do this is for the Sandinistas to engage in dialogue with the opposition; that the Contadora process, if it can meet our three requirements that it be comprehensive, simultaneous, and verifiable, is an alternative we can support.

-- To demonstrate to audiences in Latin America and Europe how Sandinista ties to Cuba and the Soviet Union adversely affect U.S. and their own national security interests.

-- To persuade the internationals (Socialist International, Christian Democrats, International Democrat Union, etc.) to speak out on their concern for civil and human rights in Nicaragua, Sandinista intervention in neighboring countries, and Sandinista ties with international terrorists; and to encourage the internationals to oppose aid to the Sandinistas for the same reasons.

-- To counter Sandinista disinformation activities with facts.

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ADDITIONAL GOALS IN LATIN AMERICA N 16000

-- To convince the countries of Central America that the United States shares their political and economic goals and can be counted upon to stick with them for the long haul (the U.S. is a reliable ally).

-- To persuade Central American government, political, church, and labor leaders to be more active in telling the Central American story in Europe, South America, Mexico, and the Caribbean.

ADDITIONAL GOAL IN EUROPE

-- To convince European publics that the U.S. is responding in a constructive manner to the desires of Central American nations for political and economic reform.

THEMES

-- Stress positive aspects (economic development, promotion of democracy, security) of U.S. policy in Central America.

-- Set record straight on U.S. policy toward negotiations with Nicaragua and on Contadora, including Nicaraguan refusal to negotiate a comprehensive agreement and U.S. aid to the Nicaraguan resistance.

-- Emphasize democratic background and objectives of the Nicaraguan resistance, while reiterating totalitarian nature of the Sandinista regime. Point out militaristic and undemocratic Sandinista educational system; exploit existence of neighborhood committees and internal repression. Remind audiences of Sandinista efforts to crush internal opponents, especially the Catholic Church, political parties, and labor unions not controlled by the government. Focus on new Nicaraguan constitution when it is unveiled by the Sandinistas and on totally controlled process in which constitution will be subjected to "public discussion."

-- Reemphasize progress and successes in El Salvador, while publicizing the destructive and totalitarian nature of the Salvadoran guerrillas.

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-- Explain that the United States supports those people and governments who are furthering the democratic process--in Costa Rica, Honduras, Guatemala, and El Salvador--and seeking to foster reconciliation and the democratic process in Nicaragua.

-- Remind audiences of Sandinista and Salvadoran guerrilla ties with terrorists in Latin America (example, M-19 in Colombia) and elsewhere (including Middle East), arms and drug runners, and of their Soviet-Cuban ties. Mention Sandinista practice of giving Nicaraguan passports to terrorists.

-- Continue to present U.S. position on, and rationale for, withdrawal from Nicaraguan case before the International Court of Justice. Note: The ICJ decision on the merits of the Nicaraguan case, expected in May, will spark Nicaraguan attempts to garner support for calls for the U.S. to comply with the Court's rulings, likely including a Nicaraguan approach to the UN Security Council for enforcement of the ICJ's ruling under Article 94(2) of the UN Charter.

ADDITIONAL THEME IN CENTRAL AMERICA

-- Europeans do not have a clear understanding of progress toward democracy in Central America, nor do they understand the threat to democracy posed by the Sandinistas. The United States government cannot alone convey that story to Europeans. The Central Americans should take on a share of that task.

AUDIENCES

Political and government leaders in Latin America and Europe
Media in Latin America and Europe
The Internationals
Religious leaders
Academics

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Note: The following three audiences have ready access to the American news media and to U.S. public opinion data. This will affect their willingness to accept materials and information aimed directly at them.

European and Latin American delegations to the United Nations
Latin American and European diplomatic missions in Washington, D.C.
Latin American and European journalists in the United States

ACTIONS

-- Make increased use of WORLDNET as an interactive medium for explaining U.S. policy in Central America (among officials to be sought as spokesmen on Central America are Vice President Bush, Ambassador Walters, Assistant Secretary Abrams, and Ambassador Habib).

-- Speech by President Reagan describing his positive vision for Central Americans. This should note our greatly increased economic assistance, including scholarship programs, and our identification with the hopes of the people of the region for a better life. The speech should also note that the door is open for Nicaraguans to share in this prospect--if their Sandinista leaders will allow them the freedom to pursue it. This speech should be a major event delivered on some appropriate occasion, preferably during the June 10-11 visit of the four Central American democratic presidents. Other possibilities might be to have the President speak to the OAS or during either the President Sanguinetti or President Azcona visits.

-- A senior Administration official, perhaps Secretary Shultz, should publicly unveil the second annual report on the implementation of the Kissinger Commission (or Jackson Plan) findings. This can be an opportunity to demonstrate that we recognize the North-South dimensions of the problem, and to stress the affirmative part of our strategy.

-- For Socialist International in Lima, June 20-23, State will instruct embassies in the countries represented to make demarches to party leaders. USIS Lima will try to place material on Central America in the Peruvian media at that time, and will also distribute ARA/LPD pamphlets presenting U.S. views on Central America.

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-- USIA will maintain a steady flow of AMPARTS to Europe and Latin America to speak about Central America. These will be arranged according to the needs identified by posts in their country plans.

-- In addition to continuous reporting by its own media, USIA will distribute abroad increased numbers of copies of studies produced by ARA/LPD. USIA will encourage its posts in Europe to translate more ARA/LPD documents into local languages.

-- DOD will continue its series of research/study seminars in Latin America on the Strategic Challenges to Regional Security.

-- DOD and USIA will distribute the 80-piece slide presentation "The Challenge and Response" to posts in Europe and Latin America. USIA will consider translating the show into local languages.

-- Put ARA/LPD sponsored "Arms Display" exhibit at key points in U.S. and overseas.

-- ARA/LPD will work closely with IO/UNP to prepare U.S. statements and rights of reply in multilateral fora to counter Sandinista disinformation.

-- ARA/LPD and USIA will be prepared to exploit any Nicaraguan intransigence at the Esquipulas, Guatemala, summit (May 24-26), and at the June 6 Contadora meeting (possible Contadora conclusion), and at Contadora negotiating sessions leading up to June 6. ARA/LPD and USIA will also prepare to support positions taken by the Central American democracies.

ACTIONS (Latin America)

-- During President Duarte's travel to Costa Rica, Peru, Uruguay, and Brazil, May 9-22, USIS posts at each stop promoted media coverage; USIA media covered in depth.

-- At the Costa Rican Inaugural, May 8, the U.S. delegation took the opportunity to meet with Contadora and Contadora support country leaders to demonstrate U.S. support for their goals.

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-- During visit of Uruguayan President Sanguinetti to Washington in June, Administration leaders will underscore U.S. support for democracy and economic progress, emphasizing a positive vision, rather than reiterating well-known American opposition to oppression. USIA media will cover in full and also assist Uruguayan media traveling with the president.

-- USIA will provide full media coverage and assistance to the working visit of Honduran President Azcona to Washington May 26-29. Appropriate quotes by Azcona will be played into Europe and Latin America.

-- ARA/LPD will prepare a cable to Embassies in Central America instructing them to discuss with government officials, political, church, and labor leaders the need to tell the Central American story in Europe. A special effort will be made to persuade President Duarte to begin a public affairs effort in Europe.

-- DOD Policy Support Staff prepared special briefing and display materials on Central America for use at the meeting with air force chiefs of staff from 20 Latin American and Caribbean countries May 5-9. Similar materials and briefings will be given to air force intelligence chiefs from 20 Latin American and Caribbean countries when they meet at Homestead AFB, Florida, in August 1986.

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EXHIBIT JMP-113

...section 101. Pub.L. 98-497, ...used "Archivist," for "Administrator".

...L. 98-497, § 107(a)(7)(B), ... for "Administrator".

...L. 98-497, § 107(a)(7)(B), ... for "Administrator".

...201, ...substituted provisions ... to charge fees to recover ...or authenticating copies for ...formerly allowed fees not in ... above such costs, added ...at such fees be set so as to ...f such costs including ...mated replacement costs of ...vision allowing the Archivist ... or authenticating copies or ...ertain for official use by the ...ment if appropriations avail- ...for this purpose are insuffi- ...nt of performing the work, ...ions allowing the acceptance ... the Archivist to cover the ...opies or reproductions that ...be furnished.

...ent. Subsec. (a). Pub.L. ...evance to chapter 33 of this ...

1984 Amendment. Amend- ...497 of ... on April 1, 1985, ...see section 301 of Pub. L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purpose of Pub.L. 94-373, see 1976 U.S.Code Cong. and Adm.News, p. 6130. See, also, Pub. L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3685.

Notes of Decisions

Authentication of evidence 1
Fees 2

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1. Authentication of evidence

In action alleging that automobile manufacturer negligently designed and placed fuel system, transcript of taped conversation between the then president of the United States and officials of manufacturer, which was authenticated by official seal of the National Archives of the United States was adequately authenticated pursuant to subsec. (b) of this section. Ford Motor Co. v. Stubblefield, Ga.App.1984, 319 S.E.2d 470.

2. Fees

National Archives and Records Administration may properly charge fees of all agencies, for cost of reproducing documents on their behalf, since this action is most equitable way of allocating costs, in absence of appropriation. 1983, 64 Op. Comp.Gen. 724.

...tion on liability

...and other intellectual productions (exclusive of patented material, ...under copyright protection, and unpublished works for which ...ration has been made) come into the custody or possession of the ...ited States or its agents are not liable for infringement of copyright ...ghts arising out of use of the materials for display, inspection, ...uction, or other purposes.

...c. 22, 1968, 82 Stat. 1291, § 2113; Pub.L. 94-553, § 105(b), Oct. 19, 1976, 90 ...ved and amended Pub.L. 98-497, Title I, §§ 108(a)(1), 107(a)(7), Oct. 19, 1984, ...)

...Pub.L. 98-497 substituted ...administrator of General Servic-

...Pub.L. 94-553 substituted ...ive of patented material, pub- ...copyright protection, and un- ...r which copyright registration ...es into the custody or posses- ...ssion of General Services, the ...ts agents are not liable for ...yright or analogous rights" for ...ance of material copyrighted or ...e the custody or possession of ...of General Services, the United ...are not liable for infringement ...y rights or analogous rights".

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of Title 44, Public Printing and Documents.

Effective Date of 1976 Amendment. Amendment by Pub. L. 94-553 effective Jan. 1, 1978, see section 102 of Pub. L. 94-553, set out as an Effective Date note preceding section 101 of Title 17, Copyrights.

Legislative History. For legislative history and purpose of Pub.L. 94-553, see 1976 U.S.Code Cong. and Adm.News, p. 5659. See, also, Pub.L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3665.

...ds of Congress

...y of the Senate and the Clerk of the House of Representatives, acting ...ctively, at the close of each Congress all the noncurrent records of the ...of each congressional committee and transfer them to the National ...Archives and Records Administration for preservation, subject to the orders of the ...House of Representatives, respectively.

...Oct. 19, 1984, 98 Stat. 2280, § 2114; renumbered and amended Pub.L. 98-497, ...(1), 107(a)(10), Oct. 19, 1984, 98 Stat. 2280, 2284.)

1984 Amendment. Pub.L. 98-497 substituted "National Archives and Records Administration" for "General Services Administration".

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purpose of Pub.L. 98-497, see 1984 U.S. Code Cong. and Adm. News, p. 3665.

CHAPTER 22—PRESIDENTIAL RECORDS

Sec.
2201. Definitions.
2202. Ownership of Presidential records.
2203. Management and custody of Presidential records.
2204. Restrictions on access to Presidential records.
2205. Exceptions to restriction on access.[1]
2206. Regulations.
2207. Vice-Presidential records.

[1] So in original. Does not conform to section catchline.

§ 2201. Definitions

As used in this chapter—

(1) The term "documentary material" means all books, correspondence, memorandums, documents, papers, pamphlets, works of art, models, pictures, photographs, plats, maps, films, and motion pictures, including, but not limited to, audio, audiovisual, or other electronic or mechanical recordations.

(2) The term "Presidential records" means documentary materials, or any reasonably segregable portion thereof, created or received by the President, his immediate staff, or a unit or individual of the Executive Office of the President whose function is to advise and assist the President, in the course of conducting activities which relate to or have an effect upon the carrying out of the constitutional, statutory, or other official or ceremonial duties of the President. Such term—

(A) includes any documentary materials relating to the political activities of the President or members of his staff, but only if such activities relate to or have a direct effect upon the carrying out of constitutional, statutory, or other official or ceremonial duties of the President; but

(B) does not include any documentary materials that are (i) official records of an agency (as defined in section 552(e) of title 5, United States Code); (ii) personal records; (iii) stocks of publications and stationery; or (iv) extra copies of documents produced only for convenience of reference, when such copies are clearly so identified.

(3) The term "personal records" means all documentary materials, or any reasonably segregable portion thereof,[1] of a purely private or nonpublic character which do not relate to or have an effect upon the carrying out of the constitutional, statutory, or other official or ceremonial duties of the President. Such term includes—

(A) diaries, journals, or other personal notes serving as the functional equivalent of a diary or journal which are not prepared or utilized for, or circulated or communicated in the course of, transacting Government business;

(B) materials relating to private political associations, and having no relation to or direct effect upon the carrying out of constitutional, statutory, or other official or ceremonial duties of the President; and

(C) materials relating exclusively to the President's own election to the office of the Presidency, and materials directly relating to the election of a particular individual or individuals to Federal, State, or local office, which have no relation to or direct effect upon the carrying out of constitutional, statutory, or other official or ceremonial duties of the President.

(4) The term "Archivist" means the Archivist of the United States.

(5) The term "former President", when used with respect to Presidential records, means the former President during whose term or terms of office such Presidential records were created.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2523.)

[1] So in original. Probably should be "thereof,".

JMP413

Effective Date. Section 3 of Pub.L. 95-591 provided that: "The amendments made by this Act [enacting this chapter, amending sections 2107 and 2108 of this title and enacting provisions set out as notes under this section] shall be effective with respect to any Presidential records (as defined in section 2201(2) of title 44, as amended by section 2 of this Act [this section]) created during a term of office of the President beginning on or after January 20, 1981."

Short Title. For Short Title of this chapter as the "Presidential Records Act of 1978", see section 1 of Pub.L. 95-591, set out as a note under section 101 of this title.

Separability of Provisions. Section 4 of Pub.L. 95-591 provided that: "If any provision of this Act [enacting this chapter, amending sections 2107 and 2108 of this title and enacting provisions set out as notes under this section] is held invalid for any reason by any court, the validity and legal effect of the remaining provisions shall not be affected thereby."

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

§ 2202. Ownership of Presidential records

The United States shall reserve and retain complete ownership, possession, and control of Presidential records; and such records shall be administered in accordance with the provisions of this chapter.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2524.)

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

Library References
Records ⇐13.
C.J.S. Records §§ 34, 40.

§ 2203. Management and custody of Presidential records

(a) Through the implementation of records management controls and other necessary actions, the President shall take all such steps as may be necessary to assure that the activities, deliberations, decisions, and policies that reflect the performance of his constitutional, statutory, or other official or ceremonial duties are adequately documented and that such records are maintained as Presidential records pursuant to the requirements of this section and other provisions of law.

(b) Documentary materials produced or received by the President, his staff, or units or individuals in the Executive Office of the President the function of which is to advise and assist the President, shall, to the extent practicable, be categorized as Presidential records or personal records upon their creation or receipt and be filed separately.

(c) During his term of office, the President may dispose of those of his Presidential records that no longer have administrative, historical, informational, or evidentiary value if—

(1) the President obtains the views, in writing, of the Archivist concerning the proposed disposal of such Presidential records; and

(2) the Archivist states that he does not intend to take any action under subsection (e) of this section.

(d) In the event the Archivist notifies the President under subsection (c) that he does intend to take action under subsection (e), the President may dispose of such Presidential records if copies of the disposal schedule are submitted to the appropriate Congressional Committees at least 60 calendar days of continuous session of Congress in advance of the proposed disposal date. For the purpose of this section, continuity of session is broken only by an adjournment of Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the days in which Congress is in continuous session.

(e) The Archivist shall request the advice of the Committee on Rules and Administration and the Committee on Governmental Affairs of the Senate and the Committee on House Administration and the Committee on Government Operations of the House of Representatives with respect to any proposed disposal of Presidential records whenever he considers that—

(1) these particular records may be of special interest to the Congress; or

(2) consultation with the Congress regarding the disposal of these particular records is in the public interest.

(f)(1) Upon the conclusion of a President's term of c
consecutive terms upon the conclusion of the last ter
States shall assume responsibility for the custody, con
access to, the Presidential records of that President.
affirmative duty to make such records available a
completely as possible consistant with the provisions c

(2) The Archivist shall deposit all such President
archival depository or another archival facility operate
Archivist is authorized to designate, after consultation
director at each depository or facility, who shall be
preservation of such records.

(3) The Archivist is authorized to dispose of such I
has appraised and determined to have insufficient admi
tional, or evidentiary value to warrant their continued
disposal shall be published in the Federal Register at le
proposed disposal date. Publication of such notice sh
action for purposes of review under chapter 7 of

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2524.)

References in Text. This Act, referred to in subsec. (f)(1), means Pub. L. 95-591, Nov. 4, 1978, 92 Stat. 2523, as amended, known as the Presidential Records Act of 1978, which enacted this chapter, amended sections 2107 and 2108 of this title, and enacted provisions set out as notes under section 2201 of this title. For complete classification of this Act to the Code, see Short

Title of 1978
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§ 2204. Restrictions on access to Presidential record

(a) Prior to the conclusion of his term of office or las
as the case may be, the President shall specify duration
which access shall be restricted with respect to informat
within one or more of the following categories:

(1)(A) specifically authorized under criteria estab
to be kept secret in the interest of national defense
fact properly classified pursuant to such Executive

(2) relating to appointments to Federal office;

(3) specifically exempted from disclosure by stat
and 552b of title 5, United States Code), provided th
that the material be withheld from the public in su
discretion on the issue, or (B) establishes particular
refers to particular types of material to be withhel

(4) trade secrets and commercial or financial in
person and privileged or confidential;

(5) confidential communications requesting or sub
President and his advisers, or between such adviser

(6) personnel and medical files and similar files th
constitute a clearly unwarranted invasion of person

(b)(1) Any Presidential record or reasonably segrega
ing information within a category restricted by the Pre
shall be so designated by the Archivist and access there
the earlier of—

(A)(i) the date on which the former President
disclosure of such record, or

(ii) the expiration of the duration specified un
category of information on the basis of which acce
restricted; or

(B) upon a determination by the Archivist that
segregable portion thereof, or of any significant
information contained in such record or reasonably

se J of Pub.L. 95-591 ...endments made by this ...ter, amending sections ...r and enacting provisions ...n section] shall be effec- ...Presidential records (as ...) of title 44, as amended ...t [this section]) created ...f the President beginning ...1981."

...t This of this chapter as ...h Act '95, 1978", see sec- ...tion 1 of Pub.L. 95-591, set out as a note under section 101 of this title.

Separability of Provisions. Section 4 of Pub.L. 95-591 provided that: "If any provision of this Act [enacting this chapter, amending sections 2107 and 2108 of this title and enacting provisions set out as notes under this section] is held invalid for any reason by any court, the validity and legal effect of the remaining provisions shall not be affected thereby."

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

...of Presidential records

...s shall reserve and retain complete ownership, possession, and ...ial records; and such records shall be administered in accordance ... of this chapter.

...§ 2(a), Nov. 4, 1978, 92 Stat. 2524.)

For legislative history and ...591, see 1978 U.S.Code ...p. 5732.

Library References
Records ⇐13.
C.J.S. Records §§ 34, 40.

...ent and custody of Presidential records

...implementation of records management controls and other neces- ...resident shall take all such steps as may be necessary to assure ...deliberations, decisions, and policies that reflect the performance ...al, ste... ...tory, or other official or ceremonial duties are adequately ...ast ... records are maintained as Presidential records pursuant ...s of ... section and other provisions of law.

...y materials produced or received by the President, his staff, or ...s in the Executive Office of the President the function of which is ...t the President, shall, to the extent practicable, be categorized as ...ls or personal records upon their creation or receipt and be filed ...

...term of office, the President may dispose of those of his Presi- ...at no longer have administrative, historical, informational, or ...[—

...ident obtains the views, in writing, of the Archivist concerning the ...sal of such Presidential records; and

...rivist states that he does not intend to take any action under ...if this section.

... the Archivist notifies the President under subsection (c) that he ...e action under subsection (e), the President may dispose of such ...s if copies of the disposal schedule are submitted to the appropri- ...Committees at least 60 calendar days of continuous session of ...ce of the proposed disposal date. For the purpose of this section, ...ion is broken only by an adjournment of Congress sine die, and the ...er House is not in session because of an adjournment of more than ...lay certain are excluded in the computation of the days in which ...ntinuous session.

...st shall request the advice of the Committee on Rules and Adminis- ...committee on Governmental Affairs of the Senate and the Commit- ...ministration and the Committee on Government Operations of the ...sentatives with respect to any proposed disposal of Presidential ...r he considers that—

...particular records may be of special interest to the Congress; or ...tation with the Congress regarding the disposal of these particular ...the ... ...lic interest.

(f)(1) Upon the conclusion of a President's term of office, or if a President serves consecutive terms upon the conclusion of the last term, the Archivist of the United States shall assume responsibility for the custody, control, and preservation of, and access to, the Presidential records of that President. The Archivist shall have an affirmative duty to make such records available to the public as rapidly and completely as possible consistent with the provisions of this Act.

(2) The Archivist shall deposit all such Presidential records in a Presidential archival depository or another archival facility operated by the United States. The Archivist is authorized to designate, after consultation with the former President, a director at each depository or facility, who shall be responsible for the care and preservation of such records.

(3) The Archivist is authorized to dispose of such Presidential records which he has appraised and determined to have insufficient administrative, historical, informational, or evidentiary value to warrant their continued preservation. Notice of such disposal shall be published in the Federal Register at least 60 days in advance of the proposed disposal date. Publication of such notice shall constitute a final agency action for purposes of review under chapter 7 of title 5, United States Code.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2524.)

References in Text. This Act, referred to in subsec. (f)(1), means Pub. L. 95-591, Nov. 4, 1978, 92 Stat. 2523, as amended, known as the Presidential Records Act of 1978, which enacted this chapter, amended sections 2107 and 2108 of this title, and enacted provisions set out as notes under section 2201 of this title. For complete classification of this Act to the Code, see Short Title of 1978 Amendment note set out under section 101 of this title and Tables volume.

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

Library References
Records ⇐13.
C.J.S. Records §§ 34, 40.

§ 2204. Restrictions on access to Presidential records

(a) Prior to the conclusion of his term of office or last consecutive term of office, as the case may be, the President shall specify durations, not to exceed 12 years, for which access shall be restricted with respect to information, in a Presidential record, within one or more of the following categories:

(1)(A) specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and (B) in fact properly classified pursuant to such Executive order;

(2) relating to appointments to Federal office;

(3) specifically exempted from disclosure by statute (other than sections 552 and 552b of title 5, United States Code), provided that such statute (A) requires that the material be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of material to be withheld;

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) confidential communications requesting or submitting advice, between the President and his advisers, or between such advisers; or

(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(b)(1) Any Presidential record or reasonably segregable portion thereof containing information within a category restricted by the President under subsection (a) shall be so designated by the Archivist and access thereto shall be restricted until the earlier of—

(A)(i) the date on which the former President waives the restriction on disclosure of such record, or

(ii) the expiration of the duration specified under subsection (a) for the category of information on the basis of which access to such record has been restricted; or

(B) upon a determination by the Archivist that such record or reasonably segregable portion thereof, or of any significant element or aspect of the information contained in such record or reasonably segregable portion thereof,

has been placed in the public domain through publication by the former President, or his agents.

(2) Any such record which does not contain information within a category restricted by the President under subsection (a), or contains information within such a category for which the duration of restricted access has expired, shall be exempt from the provisions of subsection (c) until the earlier of—

(A) the date which is 5 years after the date on which the Archivist obtains custody of such record pursuant to section 2203(d)(1); or

(B) the date on which the Archivist completes the processing and organization of such records or integral file segment thereof.

(3) During the period of restricted access specified pursuant to subsection (b)(1), the determination whether access to a Presidential record or reasonably segregable portion thereof shall be restricted shall be made by the Archivist, in his discretion, after consultation with the former President, and, during such period, such determinations shall not be subject to judicial review, except as provided in subsection (e) of this section. The Archivist shall establish procedures whereby any person denied access to a Presidential record because such record is restricted pursuant to a determination made under this paragraph, may file an administrative appeal of such determination. Such procedures shall provide for a written determination by the Archivist or his designee, within 30 working days after receipt of such an appeal, setting forth the basis for such determination.

(c)(1) Subject to the limitations on access imposed pursuant to subsections (a) and (b), Presidential records shall be administered in accordance with section 552 of title 5, United States Code, except that paragraph (b)(5) of that section shall not be available for purposes of withholding any Presidential record, and for the purposes of such section such records shall be deemed to be records of the National Archives and Records Administration. Access to such records shall be granted on nondiscriminatory terms.

(2) Nothing in this Act shall be construed to confirm, limit, or expand any constitutionally-based privilege which may be available to an incumbent or former President.

(d) Upon the death or disability of a President or former President, any discretion or authority the President or former President may have had under this chapter shall be exercised by the Archivist unless otherwise previously provided by the President or former President in a written notice to the Archivist.

(e) The United States District Court for the District of Columbia shall have jurisdiction over any action initiated by the former President asserting that a determination made by the Archivist violates the former President's rights or privileges.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2525, and amended Pub.L. 98-497, Title I, § 107(b)(7), Oct. 19, 1984, 98 Stat. 2287.)

Reference to Text. This Act, referred to in subsec. (c)(2), means Pub.L. 95-591, Nov. 4, 1978, 92 Stat. 2523, as amended, known as the Presidential Records Act of 1978, which enacted this chapter, amended sections 2107 and 2108 of this title, and enacted provisions set out as notes under section 2201 of this title. For complete classification of this Act to the Code, see Short Title of 1978 Amendment note set out under section 101 of this title and Tables volume.

1984 Amendment. Subsec. (c)(1). Pub.L. 98-497 substituted "National Archives and Records Administration" for "National Archives and Records Service of the General Services Administration".

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732. See, also, Pub.L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3865.

Library References

Records ⇐13.
C.J.S. Records §§ 34, 40.

§ 2205. Exceptions to restricted access

Notwithstanding any restrictions on access imposed pursuant to section 2204—

(1) the Archivist and persons employed by the National Archives and Records Administration who are engaged in the performance of normal archival work shall be permitted access to Presidential records in the custody of the Archivist;

(2) subject to any rights, defenses, or privileges w
any agency or person may invoke, Presidential records

(A) pursuant to subpoena or other judicial pro
competent jurisdiction for the purposes of any civ
or proceeding;

(B) to an incumbent President if such records
needed for the conduct of current business of
otherwise available; and

(C) to either House of Congress, or, to the e
jurisdiction, to any committee or subcommittee
contain information that is needed for the conduct
not otherwise available; and

(3) the Presidential records of a former President
former President or his designated representative.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2527, and as § 107(b)(7), Oct. 19, 1984, 98 Stat. 2287.)

1984 Amendment. Subsec. (a)(1). Pub. L. 98-497 substituted "National Archives and Records Administration" for "National Archives and Records Service of the General Services Administration".

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative Hi
purpose of Pub
Cong. and Adm.
98-497, 1984 U.
p. 3865.

Library Referen
Records ⇐13.
C.J.S. Record

§ 2206. Regulations

The Archivist shall promulgate in accordance with ap
States Code, regulations necessary to carry out the provi
regulations shall include—

(1) provisions for advance public notice and desc
records scheduled for disposal pursuant to section 2

(2) provisions for providing notice to the former I
which access would otherwise be restricted pursuant
made available in accordance with section 2205(2);

(3) provisions for notice by the Archivist to the
disclosure of particular documents may adversely
leges which the former President may have; and

(4) provisions for establishing procedures for con
vist and appropriate Federal agencies regarding mat
to section 552(b)(7) of title 5, United States Code.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2527.)

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

C.J.S. Record
C.J.S. United

Library References

Records ⇐13.
United States ⇐40.

§ 2207. Vice-Presidential records

Vice-Presidential records shall be subject to the prov
same manner as Presidential records. The duties and
President, with respect to Vice-Presidential records, sha
and responsibilities of the President under this chapter
records. The authority of the Archivist with respect
shall be the same as the authority of the Archivist under
Presidential records, except that the Archivist may, w
that it is in the public interest, enter into an agreement
dential records in a non-Federal archival depository. No

. the public domain through publication by the former Presi-
t.

which does not contain information within a category restrict-
nder subsection (a), or contains information within such a
e duration of restricted access has expired, shall be exempt
subsection (a) until the earlier of—

ich is 5 years after the date on which the Archivist obtains
ecord pursuant to section 2203(d)(1); or

which the Archivist completes the processing and organization
r integral file segment thereof.

d of restricted access specified pursuant to subsection (b)(1),
ther access to a Presidential record or reasonably segregable
e restricted shall be made by the Archivist, in his discretion,
the former President, and, during such period, such determi-
bject to judicial review, except as provided in subsection (e) of
chivist shall establish procedures whereby any person denied
tial record because such record is restricted pursuant to a
nder this paragraph, may file an administrative appeal of such
procedures shall provide for a written determination by the
hen, within 30 working days after receipt of such an appeal,
s for such determination.

e limitations on access imposed pursuant to subsections (a) and
ds shall be administered in accordance with section 552 of title
le, except that paragraph (b)(5) of that section shall not be
s of withholding any Presidential record, and for the purposes
records shall be deemed to be records of the National Archives
tration. Access to such records shall be granted on nondiscrim-

is A all be construed to confirm, limit, or expand any
l privilege which may be available to an incumbent or former

y or disability of a President or former President, any discretion
sident or former President may have had under this chapter
y the Archivist unless otherwise previously provided by the
President in a written notice to the Archivist.

ates District Court for the District of Columbia shall have
section initiated by the former President asserting that a
by the Archivist violates the former President's rights or

) Stat. Nov. 4, 1978, 92 Stat. 2886, and amended Pub.L. 98-497, Title I,
4, 98 Stat. 2287.)

This Act, referred to in
ub.L. 95-591, Nov. 4,
amended, known as the
t of 1978, which enacted
sections 2107 and 2108 of
provisions set out as notes
this title. For complete
t to the Code, see Short
ame note set out under
and Tables volume.

Subsec. (a)(1). Pub.L.
National Archives and
" for "National Archives
and Records Service of the General Services Administration".

Effective Date of 1986 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purposes of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732. See also Pub.L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3665.

Library References
Records ⇐31.
C.J.S. Records §§ 34, 40.

to to restricted access

any restrictions on access imposed pursuant to section 2204—
ivist and persons employed by the National Archives and Records
who engaged in the performance of normal archival work
ted to Presidential records in the custody of the Archivist;

(2) subject to any rights, defenses, or privileges which the United States or any agency or person may invoke, Presidential records shall be made available—

(A) pursuant to subpena or other judicial process issued by a court of competent jurisdiction for the purposes of any civil or criminal investigation or proceeding;

(B) to an incumbent President if such records contain information that is needed for the conduct of current business of his office and that is not otherwise available; and

(C) to either House of Congress, or, to the extent of matter within its jurisdiction, to any committee or subcommittee thereof if such records contain information that is needed for the conduct of its business and that is not otherwise available; and

(3) the Presidential records of a former President shall be available to such former President or his designated representative.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2527, and amended Pub.L. 98-497, Title I, § 107(b)(7), Oct. 19, 1984, 98 Stat. 2287.)

1986 Amendment. Subsec. (a)(1). Pub. L. 98-497 substituted "National Archives and Records Administration" for "National Archives and Records Service of the General Services Administration".

Effective Date of 1986 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purposes of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732. See also Pub.L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3665.

Library References
Records ⇐31, 36.
C.J.S. Records §§ 37, 41.

§ 2206. Regulations

The Archivist shall promulgate in accordance with section 553 of title 5, United States Code, regulations necessary to carry out the provisions of this chapter. Such regulations shall include—

(1) provisions for advance public notice and description of any Presidential records scheduled for disposal pursuant to section 2203(f)(3);

(2) provisions for providing notice to the former President when materials to which access would otherwise be restricted pursuant to section 2204(a) are to be made available in accordance with section 2206(2);

(3) provisions for notice by the Archivist to the former President when the disclosure of particular documents may adversely affect any rights and privileges which the former President may have; and

(4) provisions for establishing procedures for consultation between the Archivist and appropriate Federal agencies regarding materials which may be subject to section 552(b)(7) of title 5, United States Code.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2527.)

Legislative History. For legislative history and purposes of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

C.J.S. Records §§ 34, 40.
C.J.S. United States §§ 38 to 40.

Library References
Records ⇐13.
United States ⇐40.

§ 2207. Vice-Presidential records

Vice-Presidential records shall be subject to the provisions of this chapter in the same manner as Presidential records. The duties and responsibilities of the Vice President, with respect to Vice-Presidential records, shall be the same as the duties and responsibilities of the President under this chapter with respect to Presidential records. The authority of the Archivist with respect to Vice-Presidential records shall be the same as the authority of the Archivist under this chapter with respect to Presidential records, except that the Archivist may, when the Archivist determines that it is in the public interest, enter into an agreement for the deposit of Vice-Presidential records in a non-Federal archival depository. Nothing in this chapter shall be

construed to authorize the establishment of separate archival depositories for such Vice-Presidential records.

(Added Pub.L. 95-591, § 2(a), Nov. 4, 1978, 92 Stat. 2527.)

Legislative History. For legislative history and purpose of Pub.L. 95-591, see 1978 U.S.Code Cong. and Adm.News, p. 5732.

Library References
Records ⇐13.
United States ⇐40.

C.J.S. Records §§ 34, 40.
C.J.S. United States §§ 48 to 60.

CHAPTER 23—NATIONAL ARCHIVES TRUST FUND BOARD

Sec.
2302. Authority of the Board; seal; services; bylaws; rules; regulations; employees.

1984 Amendment. Pub.L. 98-497, Title II, § 203(c), Oct. 19, 1984, 98 Stat. 2294 added "employees" in item 2302.

§ 2301. Establishment of Board; membership

The National Archives Trust Fund Board shall consist of the Archivist of the United States, as Chairman, and the Secretary of the Treasury and the Chairman of the National Endowment for the Humanities. Membership on the Board is not an office within the meaning of the statutes of the United States.

(As amended Pub.L. 94-201, Aug. 19, 1976, 90 Stat. 1192; Pub.L. 95-379, Sept. 22, 1978, 92 Stat. 724; Pub.L. 98-497, Title I, § 107(b)(8), Oct. 19, 1984, 98 Stat. 2287.)

1984 Amendment. Pub.L. 98-497 struck out "The authority of the Administrator of General Services under section 754 of Title 40 to reprogram, transfer, and distribute functions within the General Services Administration does not extend to the Board or its functions."

1978 Amendment. Pub.L. 95-379 substituted references to the Secretary of the Treasury and the Chairman of the National Endowment for the Humanities, for references to the chairman of the House Committee on Government Operations and the Senate Committee on Post Office and Civil Service.

1976 Amendment. Pub.L. 94-391 substituted reference to House Committee on Government Operations for reference to House Committee on Post Office and Civil Service.

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, see section 301 of Pub.L. 98-497 set out as a note under section 2102 of this title.

Legislative History. For legislative history and purpose of Pub.L. 94-391, see 1976 U.S.Code Cong. and Adm.News, p. 2096. See, also, Pub.L. 95-379, 1978 U.S.Code Cong. and Adm.News, p. 1810; Pub.L. 98-497, 1984 U.S. Code Cong. and Adm. News, p. 3845.

Code of Federal Regulations
Archives and records, see 41 CFR 101-11.000 et seq.

§ 2302. Authority of the Board; seal; services; bylaws; rules; regulations; employees

In carrying out the purposes of this chapter, the Board—

(1) may adopt an official seal, which shall be judicially noticed;

(2) may utilize on a reimbursable basis the services and personnel of the National Archives and Records Administration necessary (as determined by the Archivist) to assist the Board in the administration of the trust fund, and in the preparation and publication of special works and collections of sources and preparation, duplication, editing, and release of historical photographic materials and sound recordings, and may utilize on a reimbursable basis the services and personnel of other Federal agencies for such purposes;

(3) may adopt bylaws, rules, and regulations necessary for the administration of its functions under this chapter; and

(4) may, subject to the laws and regulations governing appointments in the civil service, appoint and fix the compensation of such personnel as may be necessary to carry out its functions.

(Added Pub.L. 98-497, Title II, § 203(a), Oct. 19, 1984, 98 Stat. 2293.)

Prior Provisions. A prior section 2302, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1292, which also related to the authority of the Board was struck out by section 203(a) of Pub.L. 98-497. See section under sect Legislati purpose of Cong. and

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985, [illegible]

§ 2303. Powers and obligations of the Board; trust

Except as otherwise provided by this chapter, the powers and obligations of a trustee with respect to p by it, but the members of the Board are not perso same.

(Added Pub.L. 98-497, Title II, § 203(a), Oct. 19, 1984, 98 S

Prior Provisions. A prior section 2303, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1292, which also related to powers and obligations of the Board, was struck out by section 203(a) of Pub.L. 98-497. See section under sect Legislati purpose of Cong. and

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985,

§ 2304. Compensation of members; availability o the Board

Compensation may not be paid to the members of members. Costs incurred by the Board in carrying o including the obligations necessarily incurred by the performance of their duties and the compensation of shall be paid by the Archivist of the United States fr Board for this purpose. The Board, by resolution, funds (including the principal or interest of a gif Archives and Records Administration to be expen activity approved by the Board or to accomplish the

(Added Pub.L. 98-497, Title II, § 203(a), Oct. 19, 1984, 98 S

Prior Provisions. A prior section 2304, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1292, which also dealt with compensation of members was struck out by section 203(a) of Pub.L. 98-497. See section under sect Legislati purpose of Cong. and

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985,

§ 2305. Acceptance of gifts

The Board may solicit and accept gifts or bequests personal property, for the benefit of or in connection records activities administered by the National Archiv Moneys that are for deposit into the trust fund shall days of the receipt thereof.

(Added Pub.L. 98-497, Title II, § 203(a), Oct. 19, 1984, 98 S

Prior Provisions. A prior section 2305, Pub.L. 90-620, Oct. 22, 1968, 82 Stat. 1292, which also related to acceptance of gifts, was struck out by § 203(a) of Pub.L. 98-497. See section under sect Legislati purpose of Cong. and

Effective Date of 1984 Amendment. Amendment by Pub.L. 98-497 effective on April 1, 1985,

§ 2307. Trust fund account; disbursements; sale

The income from trust funds held by the Board an securities and other personal property, as and when the Treasury of the United States in a trust func

ıs intended to commit the of-
mit such offense against any

or wrecks any train, engine,
employed in interstate or for-

ılaces any explosive substance
bridge, viaduct, trestle, track,
ninal, or any other way, struc-
in the operation of any such
nerce, or otherwise makes any
track, signal, station, depot,
ay, structure, property, or ap-
or hazardous to work or use,
wreck a train, engine, motor
loyed in interstate or foreign

an; of the aforesaid acts or

)0 or imprisoned not more than

ı crime, which has resulted in
bject also to the death penalty
ry shall in its discretion so
y, if the court in its discre-

al on the merits under the
y prosecution hereunder for

—RAPE

ial jurisdiction.
nder 16.

territorial jurisdiction

time and territorial jurisdiction
shall suffer death, or imprison-

§ 2032. Carnal knowledge of female under 16

Whoever, within the special maritime and territorial jurisdiction of the United States, carnally knows any female, not his wife, who has not attained the age of sixteen years, shall, for a first offense, be imprisoned not more than fifteen years, and for a subsequent offense, be imprisoned not more than thirty years.

CHAPTER 101—RECORDS AND REPORTS

Sec.
2071. Concealment, removal, or mutilation generally.
2072. False crop reports.
2073. False entries and reports of moneys or securities.
2074. False weather reports.
2075. Officer failing to make returns or reports.
2076. Clerk of United States District Court.

§ 2071. Concealment, removal, or mutilation generally

(a) Whoever willfully and unlawfully conceals, removes, mutilates, obliterates, or destroys, or attempts to do so, or, with intent to do so takes and carries away any record, proceeding, map, book, paper, document, or other thing, filed or deposited with any clerk or officer of any court of the United States, or in any public office, or with any judicial or public officer of the United States, shall be fined not more than $2,000 or imprisoned not more than three years, or both.

(b) Whoever, having the custody of any such record, proceeding, map, book, document, paper, or other thing, willfully and unlawfully conceals, removes, mutilates, obliterates, falsifies, or destroys the same, shall be fined not more than $2,000 or imprisoned not more than three years, or both; and shall forfeit his office and be disqualified from holding any office under the United States.

§ 2072. False crop reports

Whoever, being an officer or employee of the United States or any of its agencies, whose duties require the compilation or report of statistics or information relating to the products of the soil, knowingly compiles for issuance, or issues, any false statistics or information as a report of the United States or any of its agencies, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

EXHIBIT JMP-114

TOP [redacted]
UNCLASSIFIED

C 0094 Poindexter/Casey re: testimony

TRANSCRIPTION - Cassette # 3

18 [redacted] November 1986

Grossmain(?), this is Central. Grossmain, go ahead. This is Central. I have Mr. Poindexter on the, uh, standing by on the other line. Um, stand by while I make the connection. Over. Roger, I'll get the DCI. Also, are the folks over at the White House fully briefed on the place to talk scenario? Go ahead. Ok. That I'm not sure of; I'll give him a quick rundown before I, I give him over to ya. Roger. The DCI is on his way in right now; it will be a couple of seconds. Ok. You have been connected. If you can, if you acknowledge that you are there for them. All right. Bill, Bill, this is John. Over. Are you, ok, you have to press the little star sign and you talk and then when you're finished you push the little pound sign. Ok, thank you. Bill, Bill, this is John. Over. Bill, Bill, this is John, John. Over. Um, stand by; sir, please stand by one moment. Over. Hello. (garble) Sir. Bill, this is John. Go ahead. Over. I'm just calling to uh see what's up. I gather that uh you'd like me to be home a day early or two days early. If I can (garble) to do that I've gotta duck my, cancel my [redacted] stop. I thought you might tell me what's up. Ok?

1365

Partially Declassified/Released on 29 [illegible] 1987
[illegible] provisions of E.O. 12356
by D. Rieger, National Security Council

UNCLASSIFIED

OING TS 0852-87/

EXHIBIT JMP-114

UNCLASSIFIED C 005

Bill, Bill, this is John. Roger. Bill, it's just that, that I got to thinking about the hearing on Friday and the coordination that the two of us need to do and I just didn't think there would be enough time to do it with your coming in uh early Friday morning. So if you can get back on Thursday uh so we could meet Thursday afternoon,; I think it would be very useful so we make the best possible presentations on Friday, and try to lay as many of these questions to rest as we can. Over. Ok, John, I'll be back uh Mon, I'll be, I'll be back Thursday morning and uh I'd like whatever information you can collect in there. Ok? Over. This is John, Roger. We've been putting together all the chronologies and all the facts that we can lay our hands on, uh, and I'll be ready to talk to you any time on Thursday, but you probably would want to spend some time out at your place on Thursday morning, I guess. Over. (Garble - At such a time as you seem to be Thursday morning?) Bill, this is John. I'd prefer to meet Thursday afternoon. That would give you an opportunity uh to spend some time out at the Agency in the morning and talk to Claire, you know who went up, uh I guess the staffers came out to him today, but that would give you some time to talk to them in the morning. Over.

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UNCLASSIFIED

E 006

Are you going to have a lot of people at the meeting - uh State and uh Defense? Over. This is John. Uh, we could do it uh however you'd like. Uh, I want to, I'd like to spend some time just the two of us, uh but if the, Ed Meese indicated uh he'd, he should want to be helpful and so he would like to be in at least one of the meetings. Over. Ah, you, you set whatever time you'd like for us to get together and have a little talk ourselves, then I'll have, I'll handle a meeting any time you set it, and I'll be there and I'll see you then on Thursday. Over. This is John. Roger. I'll do that and thank you very much and I'll see you on Thursday. Over. This is (garble) Roger. Out.

Central, Central, this is Postman. We're clearing that (garble) and we're back to common. Thank you very much for that call. We're clearing that with the White House, Central. Thank you very much for the call.

UNCLASSIFIED

APPENDIX B: OTHER DOCUMENTS AND MATERIALS INTRODUCED AT THE HEARINGS

THE SECRETARY OF THE NAVY
WASHINGTON, D. C. 20350

9 July 1987

The Honorable Warren B. Rudman
United States Senate
Washington, D.C. 20510

Dear Senator Rudman:

Your staff has requested that I provide you information concerning the policy of the Department of the Navy concerning protection of personnel.

Protection for Department of the Navy personnel, their dependents, facilities, and equipment from terrorist acts is provided pursuant to the statutory authority of the Secretary of Defense (10 U.S.C. 113) and the Secretary of the Navy (10 U.S.C. 5013). Enclosed are the applicable directives implementing departmental policy with respect to such protection. Within the Department of the Navy, the responsibility for providing protective services has been assigned to the Commander, Naval Security and Investigative Command (Naval Investigative Service). Upon receipt of information indicating a threat to a particular individual, the Commander Naval Security and Investigative Command would assess the validity of the information, determine whether protective services were appropriate, and, if so, at what level. If the military member was, at the time of the reported threat, assigned outside the Department of the Navy, Commander Naval Security and Investigative Command would coordinate any consideration for protective service with other interested agencies.

Sincerely,

James H. Webb, Jr.

Enclosures

DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380-0001

IN REPLY REFER TO
5041
CL387075
9 July 1987

The Honorable Daniel K. Inouye
The Honorable Lee H. Hamilton
Chairmen, House and Senate Select Committee
on the Iran/Contra Affair
U. S. Capitol
Washington, D.C. 20513

Gentlemen:

In response to a telephonic request for information from your staff on 8 July 1987, answers are provided to the following questions:

1. Did LtCol North make a request around April 1986 for the Marine Corps to provide security for his home?

A review of our records indicates that Headquarters, U.S. Marine Corps, never received such a request. However, LtCol North was assigned to the National Security Counsel, and we have not conferred with other federal agencies to determine if a request was made of them.

2. What procedures would have been followed if the Marine Corps or the Department of the Navy had received a request from LtCol North for protection in April 1986, and determined that the threat was real?

The request would first have been discussed with the Secret Service, who has primary responsibility for White House and NSC security. If they declined protection, discussions would have been held between the Secretary of the Navy and the Commandant of the Marine Corps to evaluate options and review courses of action.

3. What is the extent of the protection that the Marine Corps is now providing for LtCol North's home?

Thirty-five special agents of the Naval Intelligence Service are assigned this week to provide 24-hour surveillance of LtCol North's home. The normal coverage since April 1987 has been fifteen to twenty agents.

4. Did LtCol North request the protection?

LtCol North did not make a direct request per se. His lawyer reported receipt of FBI information regarding threats. These threats were evaluated and brought to the attention of the Assistant Commandant of the Marine Corps

and the Undersecretary of the Navy with a recommendation by NIS that protection be provided.

5. Who decided to provide the protection?

The decision was made by the Undersecretary of the Navy on 8 April 1987.

6. What were the dates the LtCol North and his family went to Camp Lejeune, North Carolina, for protection?

13-17 April 1987.

I understand that other questions relating to the criteria used to determine whether protection was warranted and the statutory and regulatory authority for such protection will be addressed separately by the Secretary of the Navy.

Sincerely,

PETER M. MURPHY
Counsel for the Commandant of the Marine Corps

(Poindexter PROF note to North, 6/11/86.) In another message, Poindexter added: "We should not mention Brunei to anybody, elliot said only shultz and hill are aware." [sic] (Poindexter PROF note to [?Burghardt]):

"With respect to private solicitations," Abrams told the Board,

> we never did any of that. As a matter of fact, the state of our knowledge of that was limited. We had intelligence reporting, which improved over time as the restrictions on what the Agency could do with the Contras were reduced. We had better information on what was being received, better in 1986 than in 1985.
>
> We in the department never made any other solicitation for anything from anybody. One time, this summer, I would say, General Singlaub called me from Asia . . . and said I can get some aid for the Contras, through me, if you will just sort of let this foreign government know, just tell their ambassador—I don't remember who I was supposed to tell—this is official.
>
> I said I can't do that. It's just not right; I can't do that.
>
> He said well, then, I'm going to blow it. But I just couldn't do that.
>
> So that was the only other time when I was asked, in a sense indirectly, to solicit, and said no.
>
> We had virtually no, we had no information on who was paying for it. CIA people have testified that they were able to trace money back to secret bank accounts but couldn't get behind the bank secrecy laws; and they have testified that they knew the arms were coming from [a foreign country]; that is to say, the last stop before Central America . . . , but they could not go beyond that and find out who was paying.
>
> Well, I have to say that we did not think it was our job to find out who was paying, since it seemed to us, as long as it didn't violate the Neutrality Act or the Arms Export Control Act that it was legal and proper.
>
> Once or twice we, in particular, actually CIA and not State, came up with some facts that indicated a violation of the Neutrality Act, a shipment of arms from the U.S., and we reported that to the Department of Justice.
>
> But we did not engage in nor did we really know anything about this private network. We knew that it existed. We knew it in part because somebody was giving the Contras guns.
>
> We knew it also because you couldn't be in Central America and not know it.
>
> We have significant military assistance through El Salvador via Ilopango Airport, which is the Salvadoran Airport.
>
> Also, we ran a good proportion of the $27 million in humanitarian aid through Ilopango Airport.

(Abrams 11–13)

Congress authorized $100 million in assistance to the Nicaraguan resistance at the end of June 1986.

In June, the pressures on North worried McFarlane. He wrote Poindexter that

> [i]t seems increasingly clear that the Democratic left is coming after him [North] with a vengeance in the election year and that eventually they will get him—too many people are talking to reporters from the donor community and within the administration. I don't [know] what you do about it but in Ollie's interest I would get him transfered or sent to Bethesda for disability review board (appartwently [sic] the Marine Corps has already tried to survey him once[]). That wuld [sic] represent a major loss to the staff and contra effort but I think we can probably find a way to continue to do those things. In the end it may be better anyway.

(McFarlane PROF note to Poindexter, 6/10/86) Poindexter indicated he would think about McFarlane's concern. (Poindexter PROF note to McFarlane, 6/11/86)

In the middle of July, Poindexter asked to see North. After the meeting, North wrote:

> The opportunity to discuss the Central America issue with you was welcome and at the same time, disturbing. In view of last

night's CBS piece and this morning's appalling Washington TIMES item, I can understand why you may well have reservations about both my involvement in Nicaragua policy and even my continued tenure here. Since returning a few minutes ago I have been told that even my luncheon engagement with my sister yesterday is in question. Under these circumstances, and given your intention that I extricate myself entirely from the Nicaragua issue, it probably wd be best if I were to move on as quietly, but expeditiously as possible. I want you to know that it is, for me deeply disappointing to have lost your confidence, for I respect you, what you have tried to do and have enjoyed working with you on a number of issues important to our nation. On the plus side of the ledger we have had a close relationship on several initiatives that could not have been accomplished without absolute trust between two professionals. At the same time you should not be expected to retain on your staff someone who you suspect could be talking to the media or whom you believe to be too emotionally involved in an issue to be objective in the development of policy options and recommendations. I know in my heart that this is not the case, but as I said in our discussion yesterday, we live in a world of perceptions, not realities. I have taken the liberty of forwarding to you a memo transmitted two weeks ago which I wd like to be sure you have had a chance to see - mostly because it predates the current controversy. I want to be sure that you do indeed know that I have and will continue to tell you the truth as I see it—for I deeply believe that this is the only honorable thing to do. That this, and the relationships established in the region over the past five years are no longer enough to enable me to serve in the various policy fora on Nicaragua is, for me, unfortunate. Nonetheless, I consider myself to have been blessed to have had the chance to so serve for as long as I did. Finally, to end on a substantive note, you should be aware that Gen Galvin will be here for DRB sessions on Mon & Tues next week and wd vy much like to have the chance to meet privately with you. He has suggested any time after 1630 on Tues, but is amenable to yr schedule as long as he will not have to absent himself from DRB sessions. Given the controversy that rages over the CINCSOUTHCOM role in the project, I strongly recommend that you see him if at all possible.

(North PROF note to Poindexter, 7/15/86, 12:21:30) Poindexter replied:

Now you are getting emotional again. It would help if you would call Roger Fontaine and Jerry O'Leary and tell them to call off the dogs. Tell them on deep background, off the record, not to be published that I just wanted to lower your visibility so you wouldn't be such a good target for the Libs. As it has worked out both you and Vince will represent NSC on Elliot's group. Don't go intodetail [sic]. I do not want you to leave and to be honest cannot afford to let you go. By the way they are making a big mistake by calling Rod a soft liner. He disagrees with Stan Turner and Bernie as much as I do.

NEW SUBJECT: I can see Jack Galvin this afternoon. Let me know how the calls go.

(Poindexter PROF notes to North, 7/15/86, 14:06; 14:07:02; 14:09:02) The matter was straightened out as far as concerned North's relationship with Poindexter later in the month. (*See* North PROF note to Poindexter, 7/23/86, 15:05:39; Poindexter PROF note to North, [7/23/86])

Afterward, North wrote Poindexter about the need to turn over certain material in Central America to the CIA.

We are rapidly approaching the point where the PROJECT DEMOCRACY assets in CentAm need to be turned over to CIA for use in the new program. The toal (sic or sp) value of the assets (six aircraft, warehouses, supplies, maintenance facilities, ships, boats, leased houses, vehicles, ordnance, munitions, communications equipment, and a 6520' runway on property owned by a PRODEM proprietary) is over $4.5M.

All of the assets - and the personnel - are owned/paid by overseas companies with

RATHER: From various sources over the weekend came word that President Reagan reportedly has decided that the CIA, not the U.S. military nor the U.S. State Department, should have day to day supervision of the renewed and widened undeclared war against Nicaragua. Phil Jones tonight reports on the background and the renewed debate.

PHIL JONES: Critics of U.S. military aid to the contra rebels trying to overthrow the Nicaraguan government today seized on the Reagan Administration's plan to give the CIA day to day control of the contras. Direction of the covert war is to come from the National Security Council, Defense, State and CIA. As one Administration official told CBS News today, "the contras can't do anything independently."

SENATOR ALAN CRANSTON (Foreign Relations Committee): This could be a rerun of Vietnam: first American money, then American advisers, then American control of the war, then American troops.

JONES: The House of Representatives was aware that the CIA could end up with heavy control when it recently approved the $100 million for the contras. Now House opponents are hoping the Senate will do something to restrict CIA involvement.

REPRESENTATIVE MICHAEL BARNES (Foreign Affairs Committee): Well, the CIA's track record in administering this particular program has been abysmal.

JONES: It was the CIA connection in the mining of Nicaraguan harbors in 1984 and the printing of training manuals, including instructions on assassination, that originally led the suspension of aid. Yet, there are those who think the CIA remains the logical choice to run the surrogate war.

WILLIAM COLBY (former CIA director): Covert operations are CIA's chore. The—the Defense Department is not well fitted to run them. That State Department's fine for policy, but don't ask it to operate.

JONES: The Senate will vote on this aid package in a few weeks, and unless there is another embarrassing incident for the CIA, the Senate will probably give its okay, meaning the contras could start getting military supplies in September.

Phil Jones, CBS News, Capitol Hill.

RATHER: As Phil Jones mentioned, supposedly there has been an official ban on U.S. military aid to the contras for the past two years. That's what Congress believed and what the American public was told. But, secretly, the contras have been getting some of the military hardware they wanted to keep up the fight against the Nicaraguan government. Where does it come from? Pentagon Correspondent David Martin has been investigating.

DAVID MARTIN: A jungle airstrip at Aguacate, Honduras, headquarters for contra airplanes which deliver supplies to rebels fighting inside Nicaragua. These pictures, obtained by CBS News, show something new at Aguacate, short-take-off-and-landing planes which can take off in as little as 125 feet—ideal in jungle settings. They are made here at a small family-owned factory in Moultrie, Georgia and were sent to Honduras after Congress had voted to cut off U.S. military aid to the contras. Executives at Maule Air say the same kind of plane was bought by this man, Richard Secord, a retired Air Force general who still does work for the Pentagon as a consultant. (Footage of Secord February 3, 1983) This is a registration form signed by Secord for one of the planes. It is dated July 26, 1984, one month after funds for CIA aid to the contras had run out. An attorney for Secord says his client never bought any planes for the contras and there is no direct evidence proving he did. But executives at Maule Air say the planes Secord bought were flown to Honduras.

When General Secord came down here to— to buy these, did he— did he say he wanted them for the— the contras?

DAN SPADER (Maule pilot): He didn't say.

MARTIN: He didn't say?

SPADER: Uh-uh.

MARTIN: Did he say why he wanted 'em at all?

SPADER: No. Just knew it was a good airplane and wanted to buy one.

MARTIN: How many did he— did he want to buy?

SPADER: Why, he bought one at a time. Over a period of a couple years, probably three or four.

MARTIN: Two days after that interview Maule Air received a phone call from someone—they won't say who—warning them they could be forced out of business if they did not retract everything they had told CBS News.

MARTIN: These documents show that another of the planes Maule says Secord bought was sold to a Panamanian corporation and exported to Honduras in September 1985. The planes are small—maximum capacity 1,000 pounds—but this battle plan, written by some of the contra commanders, calls for using short-take-off-and-landing planes in an assault on the Nicaraguan capital of Managua to "capture, eliminate or neutralize the Sandinista leaders." The planes cost about $60,000 a piece.

Do you know where he got the money from? I mean—

SPADER: No. Have no idea.

MARTIN: CBS News has been told one of the checks used to pay for the planes was drawn on the account of a corporation with offices in Geneva, Switzerland. (Company name shown on screen: CSF Investment Ltd.) Sources close to the contras claim the money for the planes originally came from Saudi Arabia.

Two sources, both of them former high ranking officials in the Reagan Administration, say they don't know where the money for this particular deal came from but they confirm that Saudi Arabia sometimes finances secret operations which the U.S. Congress has refused to approve.

In 1981 General Secord was the Pentagon's point man for the controversial sale of AWACS early warning planes to Saudi Arabia. He worked closely with Marine Lieutenant Colonel Oliver North, a staff member of the National Security Council. A well-informed source said North has used Secord on several secret projects since Secord retired in 1983. North has been publicly identified as the link between the White House and the contras. North has no comment. Secord's lawyer says it didn't happen. But somehow the contras got short-take-off-and-landing planes and someone is mad that executives at Maule Air talked about it.

David Martin, CBS News, Moultrie, Georgia.

(Next: A Textbook Case)

(ANNOUNCEMENTS)

Sandinistas boost crowds for rallies with job threats

By Glenn Garvin
THE WASHINGTON TIMES

MANAGUA, Nicaragua — A farmer watching TV coverage of a Sandinista rally in the city of Granada recently was surprised to see one of his close friends in the crowd, shouting and waving a red-and-black Sandinista banner.

"I thought to myself, 'That son of a gun' I know he hates them as much as I do," the farmer recalled. "I couldn't believe he would run around with them that way."

The farmer called his friend the next day to express his disgust. The friend, a tailor, was near tears.

"He told me he got to work that day [in Managua] and they said, 'You're going to Granada on the bus to be in the rally. Take this banner with you,' " the farmer said. "My friend said he wouldn't do it. Then they said, 'Are you forgetting you belong to a cooperative? If you don't go, you don't get any more cloth from the cooperative. If you don't go, you don't get anymore needles or thread.'

"My friend said, 'Thank you very much for the banner. Of course, I'll be happy to go.'

"This is how the Sandinistas are. This is like a bitter medicine. They make you swallow it whether you like it or not. The people of Nicaragua have to swallow it and pretend. And the people outside don't want to know what's happening to us."

Every day more such stories are told around Managua. During the last year, the Sandinistas have grown less and less shy about using their political and economic muscle against the critical or uncooperative. "This is a far less open society than it was a year ago," says one diplomat.

Just before they took power in 1979 — with overt help from Castro's Cuba — the Sandinistas promised they would respect freedom of the press and religion, maintain a mixed economy, and a pluralistic society. But literally within days they began encroaching on each of those things.

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GRIP

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"After a month, you could see that the political direction was not democratic," said Violeta Chamorro, the newspaper publisher who served nine months on the first revolutionary junta before resigning in protest. "They were not fulfilling what they promised. They had only one line, a Marxist line."

During the ensuing seven years, some Nicaraguan liberties — like freedom of the press — have been all but abolished. Others, like the mixed economy, cling to a tenuous existence that grows more problematic every day.

Nonetheless, there is a general agreement among both Nicaraguan opposition figures and Western diplomats here that Nicaragua is not yet a totalitarian state. But they believe that is the eventual goal of the Sandinistas.

"If you look at a 7-year-old girl, would you describe her as a woman?" asked Enrique Bolaños, head of COSEP, the private enterprise organization here. "No, a woman can bear a child and a 7-year-old girl is not capable of that. But she will be. She's growing up. This government is growing up, too. If you measure it by degrees, it's getting very close."

Opposition leaders and diplomats say Nicaragua offers several reasons why they believe the Sandinista regime falls short of totalitarian:

● Opposition parties are still legal, although most of their leaders say election rules are hopelessly fixed against them to prevent any serious challenge to Sandinista rule. Opposition parties control about a third of the national assembly seats, although they have been completely eliminated from the executive branch.

● The Catholic Church, though under harsh attack and without any access to Nicaragua's media to get its message across, remains an opposition force.

● Membership in opposition labor unions remains legal, even though the unions are not allowed to strike.

● About half the land in Nicaragua remains in private hands and free enterprise continues to exist, although it is enmeshed in a hopeless tangle of rules, regulations, and Marxist-style central economic planning.

Most of the opposition leaders believe the Sandinistas would move to suspend the remaining liberties if they thought they could do it without attracting too much international attention.

"They want to keep that appearance of pluralism," says one. "If they give us less political space, they would reduce their own credibility to a minimum." With import requirements next year of $1.25 billion and exports of only $294 million, the Sandinistas are heavily dependent on foreign aid, much of which comes from non-communist nations.

It was that same need for foreign aid that kept the Sandinistas from moving too fast when they first took over, Mr. Bolaños said.

"At the beginning, they worked at disguising their Marxism. 'We're pro-democracy, we're for freedom of the press,' they said. But they were thinking, 'Slowly, we will establish our system, and if it's financed by the U.S. all the better. They got $100 million in American aid before Jimmy Carter — not Ronald Reagan, but Jimmy Carter — cut it off."

The government's official position is that civil liberties are fully guaranteed in Nicaragua, and whatever minor curtailments have been made are due to national security problems created by the American-backed rebel force fighting the Sandinistas.

"We are taking measures that we would rather not take, but we are in a situation in which Reagan has declared war on this country," Nicaraguan President Daniel Ortega said recently, expressing the government's view.

But interviews with diplomats and opposition leaders, and an examination of the historical record make it clear the Sandinistas moved to consolidate their power and to restrict civil liberties long before the American-backed rebels appeared in March 1982.

Within a few days of taking power in July 1979, the Sandinistas seized both of Nicaragua's television stations. One belonged to deposed dictator Anastasio Somoza, but the other did not. In December 1979, the Sandinistas officially declared no other television stations would be permitted to open.

The first government censorship took place in January 1980, when the Sandinistas ordered a critical radio commentator off the air. In September 1980, the Sandinistas issued a decree banning virtually all news about the economy.

La Prensa, the closed opposition newspaper, was suspended from publication for the first time in July 1981, after reporting that someone was defacing religious billboards in downtown Managua.

Strikes were decreed illegal in September 1981.

"They also moved, right from the start, to merge the state and the Sandinista party," said an anti-government attorney. "They've been very successful at this. A lot of people who are carrying out their work think it's necessary for the government when really it's only necessary for the party."

In August 1979, the Sandinistas declared their own party armed force of the republic" and all police and security forces would also be under party control. The same month, the Somoza family newspaper was confiscated and placed under party rather than government control.

In September 1979, the television stations were officially turned over to the party, and the party was given the sole legal right to use the name of Augusto Cesar Sandino, a nationalist Nicaraguan hero of the 1920s, for political purposes.

Today, the only daily newspapers in Nicaragua are under government control, as well as the television stations. All radio news is under government control, and entertainment programming — right down to the names of which records will be played — must be submitted in advance to government censors.

The censors take their jobs very seriously. "Even on a little children's program like Porky Pig, if one of the characters says something about the United States, they cut it off the soundtrack," said one broadcaster.

For a time, newspapers were forbidden to print the name of Alexis Arguello, the Nicaraguan who was the world boxing champion, because he was critical of the Sandinistas.

Although it is still legal to belong to most Nicaraguan labor unions and professional organizations, the Sandinistas have taken steps to limit their effectiveness. Often this takes the form of creating a government-subsidized organization to compete with the private groups, and then restricting the private groups' ability to raise money.

For instance, the private bar association has been denied the legal status necessary to incur debts, to have a post office box, to own vehicles or real estate or to have employees.

The Sandinista bar association can do all those things, and gets a government subsidy as well. The situation is the same for the two professional journalism associations, the Sandinista group and the private one. "If the Sandinista reporters need tape recorders, their association has them," says one reporter who belongs to the private association. "If they need to use a car, the association has vehicles. If I need any of that, too bad."

Although in some international circles there is still debate about whether the Sandinistas are Marxists, in Nicaragua the question is considered long since closed.

"During the revolution, the Sandinistas, every time they had one of these assaults and took some hostages, they published manifestos," said Mr. Bolaños. "They always used the word Marxist. [Sandinista party founder Carlos] Fonseca said he dreamed of a Managua similar to Havana. So we knew when they came, we knew they were going to set up a society similar to the one in Havana. And they have been doing it."